



MEMORANDUM

To: David Schumacher, Director, Office of Financial Management

From: Marty Brown, Executive Director

Date: May 5, 2017

Subject: Contingency Planning

As requested by your memo, dated April 25, 2017, I am submitting contingency planning information on behalf of the State Board for Community and Technical Colleges and the 34 community and technical colleges in the system.

Our system and the colleges do not have funds or programs which fall into category 1, appropriated in the transportation budget; 3, services based upon constitutional mandates or federal law; or 4 programs necessary for the immediate response to issues of public safety or to avoid catastrophic loss of state property. However, we do have limited non-appropriated funds.

We have consulted with the colleges and have determined that in order to serve our students, many of whom soon will begin summer quarter, nearly every college can remain open for a very short time by using non-appropriated funds. A few colleges report their non-appropriated funds may be insufficient to allow them to remain open at all without a state budget. In addition, the State Board has limited non-appropriated funds used to serve and administer the needs of the college. We have determined that we can remain open for a brief period to maintain services to the colleges and students.

All of these decisions are based on the assumption that spending from non-appropriated funds would be backfilled once state appropriations are approved.

We have thousands of students who receive State Need Grant and Opportunity Grants during summer quarter. These are appropriated funds so those students will not be receiving those benefits until a budget is adopted.

We have numerous contracts with private career schools and community based organizations which are dependent on appropriated funds. We will begin notifying those schools and organizations that without a 2017-19 budget those contracts will be at best delayed. We contract with the Department of Corrections to provide education services to inmates. This is an appropriated activity in the Corrections budget and we have been informed that those services would not continue until a budget is adopted.

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The timelines and consequences of no capital budget are urgent and can be costly. Our understanding is, without a 2017-19 capital budget, no contract expenses may be incurred after Friday, June 30, 2017. While contracts for public work allow the State to terminate at any time for convenience, the contractor may be due compensation for costs attributable to this action. To minimize the State's liability, we should provide consultants and contractors with sufficient notice to move all staff, subcontractors, and equipment off our many construction sites. We expect the Department of Enterprise Service will provide ten days termination notice for all public work on or before Tuesday June 20, 2017.

I trust this is responsive to your request.

cc. State Board for Community and Technical College members
Presidents and Chancellors
College Business Officers