

COAST COMMUNITY COLLEGE DISTRICT
District Budget Advisory Committee Meeting Summary
District Board of Trustees' Room

June 14, 2012

CALL TO ORDER

Chancellor Jones called the meeting to order at 3:08 p.m. in the District Board Room.

Committee Members Present:

1. Lori Adrian, President, CCC
2. Paula Brady, Confidentials' Representative, District
3. Andy Dunn, Vice Chancellor, Finance & Administrative Services, District
4. Bob Fey, CFE, (for Dean Mancina)
5. Ann French, Student, (for Ha Tran)
6. Dennis Harkins, President, OCC
7. Ann Holliday, representing Academic Senate, CCC
8. Andrew Jones, Chancellor, District
9. Vesna Marcina, Academic Senate, OCC
10. Christine Nguyen, Vice President, Administrative Services, CCC
11. Ann Nicholson, CFCE
12. Joe Poshek, CDMA
13. Cheryl Stewart, Faculty Representative, CCC

Committee Members Absent:

1. Wes Bryan, President, GWC
2. Susana Castellanos-Gaona, Classified Representative, GWC
3. John Dunham, President, CCA
4. Janet Houlihan, Vice President, Administrative Services, GWC
5. Judi Lagerlof, Classified Representative, OCC
6. Minesh Lakhani, Classified Representative, District
7. Theresa Lavarini, Academic Senate, GWC
8. Margaret Lovig, Academic Senate, CCC (represented by Ann Holliday)
9. Dean Mancina, CFE, (represented by Bob Fey)
10. Robin O'Connor, Faculty Representative, OCC
11. Lucian Oprea, Student Representative, CCC
12. Rich Pagel, Vice President, Administrative Services, OCC
13. Josh Stone, Student Representative, OCC
14. Anh (Bella) Tran, Student Representative, GWC
15. Ha Tran, Classified Representative, CCC (represented by Ann French)
16. Linda York, Faculty Representative, GWC

Others

1. Richard Kudlik, CCC
2. Helen Rothgeb, OCC
3. Andreea Serban, District
4. Daniela Thompson, District
5. Paul Wisner, GWC

2012-2013 Tentative Budget Presentation

Discussion:

- **Vice Chancellor Dunn** presented a PowerPoint overview of the 2012-2013 Tentative Budget, which will be posted on the District website. The presentation will be provided to the Board's Audit and Budget Committee on June 19, and to the full Board at the June 20 Board meeting.
- Budget changes between the Governor's proposal in January 2012 and the Governor's May Revise include:
 - State deficit growth from \$9.2 billion to \$15.7 billion
 - \$1 billion in community college funding deferral
 - status change for San Mateo Community College District to that of a Basic Aid district (when the local property tax revenue in a district exceeds the total general purpose funding that the state would have provided), which results in fewer remaining statewide districts to receive state funding or share in a state-wide deficit.
 - Risk of losing redevelopment funds will likely be eliminated. The State Department of Finance and state Legislature agreed to a full backfill of these funds; this legislation will be sent to the Governor for his signature.
- The Governor's tax measure was developed using a state deficit of \$9.2 billion; however, the deficit has escalated to \$15.7 billion. If the Governor's tax measure is passed by the voters, while the Governor has broadened his fiscal solution, the possibility exists that it may result in continuation of the status quo due to the enlarged deficit.
- One-time solutions constituted the largest percentage of (69.5%) of targeted savings toward the District's deficit.
- Previous data suggested that health benefits would increase \$2.7 million. Current data reflects an increase of \$1 million, which is positive movement. Health benefit analysis continues to evolve. The biggest driver in the District's spending plan is the increase in health benefits. Total benefit costs per person is tentatively anticipated to cost \$15,000 per person in 2012-2013. There has been no Cost of Living Adjustment as of the 2008-09 fiscal year, yet costs continue to rise.
- The Board recently re-commissioned an actuary to review the District's long-term retiree health benefit liability. The District previously contributed more than required to the retiree health fund and recently decided to amortize a portion of this fund contribution, resulting in a revised annual required contribution of \$6.9 million instead of \$8.1 million, which will help contain costs.
- The District has an enrollment management strategy that includes a 5.56% workload reduction for the first half of 2012-2013. If the Governor's tax measure passes in November 2012, 4% growth may be expected for 2013-2014, 2014-2015, 2015-2016. If the tax measure does not pass, enrollment could be flat or there could be further reductions.
- Projected net changes to the District's 2013-2014 operating budget if the Governor's tax measure passes is a deficit of \$3.4 million; if the Governor's tax measure fails, then a deficit of \$13.7 million.
- Cash flow is a new issue that has developed for 2012-2013. **Mr. Dunn** offered two projections: one if the Governor's tax measure passes, and one if the measure does not pass. If the tax measure does not pass, it is expected that Coast would need to seek external borrowing in spring 2013. Interestingly enough, if the measure does pass the deferral structure becomes more onerous with cash flow going critical in fall 2012.

Group Activity – Values Determinant Sheet, A New District

Discussion:

- **Chancellor Jones** distributed a handout entitled, "Values Determinant Sheet, ICIA, A New Nation," and divided Committee members into three groups to participate in an exercise. The handout described three islands with varying levels of lifestyles, from rural to modern, each with its own set of associated attributes and perils. The premise of the exercise was for each group

to come to a consensus about which economic system and which psycho/social system they would choose based on a set of three predefined choices.

- Group responses varied and led to related discussions about there being no perfect world, nor any perfect school district, and the struggles and choices that we all have before us. **Dr. Jones** asked that we consider what we can stop doing that does not add to student success, even though we have done those things for a long time. With declining resources and huge demands, **Dr. Jones** offered that the exercise was intended to help define what is important, what are the minimal things we must have to do our jobs versus what we are accustomed to having.
- **Dr. Jones** noted that state government tends to underestimate the budget deficit and it is likely that we will not see four percent growth in the next three years, but remain flat. In that case, it will take four to five years to get out of the current economic situation, and surviving and thriving will require that we change what we are able to control.

2012-2013 Meeting Dates

August 16, 2012

November 8, 2012

November 29, 2012

January 17, 2013 (Governor's Budget Proposal)

March 14, 2013

May 16, 2013 (May Revise)

June 13, 2013 (Tentative Budget)

August 15, 2013 (Final Budget)

NEXT MEETING DATE:

The next meeting will be held August 16, 2012, at 3:00 p.m. in the District Board Room.

The meeting adjourned at 4:20 p.m.

Recorded by Nancy Sprague