

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

November 8, 2012

CALL TO ORDER

Vice Chancellor of Finance and Administrative Services Andy Dunn called the meeting to order at 1:06 p.m. in the District Board Room.

Committee Members Present:

1. Lori Adrian, President, CCC
2. Paula Brady, Confidentials Representative, DIST
3. Wes Bryan, President, Golden West College, GWC
4. Andrew Dunn, Vice Chancellor, Finance & Administrative Services, District
5. Bob Fey, Representative for Dean Mancina, CFE
6. Ann French, Classified Representative, CCC
7. Elizabeth Goldman, Student Representative, GWC
8. Dennis Harkins, President, OCC
9. Ann Holliday, representing Dean Mancina, CFE
10. Janet Houlihan, Vice President, Administrative Services
11. Andrew Jones, Chancellor, District
12. Judi Lagerlof, Classified Representative, OCC
13. Minesh Lakhani, Classified Representative, District
14. Christine Nguyen, Vice President, Administrative Services, CCC
15. Ann Nicholson, CFCE Designee Representative, OCC
16. Richard Pagel, Vice President, Administrative Services, OCC
17. Anuar Salazar, Student Representative, OCC
18. Thomas Selzer, representing Joe Poshek, CDMA
19. Cheryl Stewart, Faculty Representative, CCC

Committee Members Absent:

1. Gregg Carr, Academic Senate Representative, GWC
2. Susana Castellanos-Gaona, Classified Representative, GWC
3. John Dunham, Coast CCA Representative
4. Pedro Gutierrez, Academic Senate Representative, CCC
5. Dean Mancina, CFE, represented by Bob Fey
6. Vesna Marcina, Academic Senate Representative, OCC
7. Robin O'Connor, Faculty Representative, OCC
8. Joe Poshek, CDMA, represented by Thomas Selzer
9. Ronald Watters, Student Representative, CCC
10. Linda York, Faculty Representative, GWC

Guests

1. Rachel Kubic
2. Vince Rodriguez
3. Sloane Smith
4. Daniela Thompson
5. Paul Wisner

Post-Election Wrap Up: Measure M and Proposition 30

Discussion:

Measure M

- **Mr. Dunn** informed that Measure M, the \$698 million general obligation bond measure on the November 6, 2012, ballot, was approved by the voters with a revised 56.1 percent, up from the original count of 55.9 percent. The measure required 55 percent of votes to pass.
- Only voters living within the boundaries of the Coast Community College District were eligible to vote on Measure M.
- Measure M will focus on renovating and modernizing existing facilities consistent with the Vision 2020 Facilities Master Plan. Measure M will create endowments for technology and scheduled system maintenance, such as replacing roofs, air conditioning units, etc.
- The previously approved general obligation bond of 2002, Measure C, was dedicated primarily to constructing new facilities. The final Measure C project was Coastline's recently opened Newport Beach campus.
- Next Steps:
 - The Board of Trustees will hold a study session on Measure M after the first of the year.
 - The County Registrar of Voters must certify election results within 30 days, and Coast Board minutes must formally reflect acceptance of the results. At that point, a Citizens' Oversight Committee must be established within 60 days. The first issuance of the bond must also be determined.
 - The Measure C Citizens' Oversight Committee by-laws can be revised to allow the Committee to also provide oversight for Measure M.

Proposition 30

- **Mr. Dunn** advised that the statewide ballot measure was approved by 53.9 percent of California voters. Although not an on-going source of revenue, it will increase state income for the next four to seven years.
- Proposition 30 is a complicated measure. Essentially, it will:
 - raise personal income tax on annual earnings over \$250,000 for seven years
 - increase sales tax by ¼ cent for four years.
- The temporary tax revenue will be allocated as follows:
 - 89 percent to K-12 schools
 - 11 percent to community colleges.
- The state will create an Educational Protection Account and deposit new revenues into this account. Funds may not be used for administrative costs, but the measure does provide local school governing boards discretion to decide, in open meetings and subject to annual audits, how funds are to be spent.
- Due to passage of Prop 30, spending reductions of \$6 billion in 2012-13, mainly to education, will not take effect.
- Revenue from sales tax and personal income tax are volatile and uncertain, and could change significantly from year to year. Despite the benefit of increased revenue from Prop 30, Coast still has a structural budget imbalance.
- Comparison for Coast without and with Prop 30:

	W/O Prop 30	With Prop 30
State Cut	\$10.7 million	\$4.0 million
Carry-Forward structural deficit	\$4.0 million ¹	\$4.0 million ¹
New Expenses	\$1.5 million ²	\$1.5 million ²
Total Deficit	\$16.2 million	\$5.5 million
¹ One-time offset with furlough reduction		
² Anticipated \$1 million health cost, \$400K step & column, \$100K PERS employer match		

- In response to an inquiry regarding the District's cash flow, **Mr. Dunn** recapped that apportionment is derived from three main sources: state aid, local property tax, and student fees. A year ago, the state was only able to pay 40 percent of state aid to districts, and deferred the balance owed to a later date. As a result, Coast will borrow funds to help with cash flow. Next year, state deferrals may also apply to property tax, which will increase our deferrals. Community colleges will receive \$250 million to buy down deferrals, which will help with cash flow. **Mr. Dunn** offered that Coast's cash flow should be adequate as long as the state budget provides for community college funding.
- There was discussion about enrollment, and it was learned that Coast is currently over cap and less into stabilization than anticipated. As colleges are now planning for the spring semester, the college Vice Presidents will discuss this with **Mr. Dunn** in their meeting next week.

Other

- Due to college-related conflicts with the revised DBAC meeting time, **Dr. Richard Pagel** inquired if DBAC members would consider a different meeting schedule. This led to a discussion of challenges with conflicting college and district meeting schedules in general, including the six Board of Trustees' Committee meeting schedules. Possible solutions included:
 - Designated days for college and district meetings
 - Teleconference.**Mr. Dunn** offered that this would be discussed at a future Presidents' Council meeting.
- **Dr. Pagel** offered that DBAC might be interested in reading a book currently being reviewed by Orange Coast College's budget committee entitled, "Budget and Financial Management for Higher Education," by Margaret Barr and George McClellan. He noted that the book is written in an easy-to-understand fashion.

2012-2013 Meeting Dates

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 November 29, 2012, at 1:00 p.m. in the District Board Room.

The meeting adjourned at 1:55 p.m.

Recorded by Nancy Sprague