

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

January 26, 2012

**CALL TO ORDER**

**Andy Dunn, Vice Chancellor of Administrative Services and Finance**, called the meeting to order at 3:05 p.m. in the District Board Room.

Committee members present were:

1. Lori Adrian, President, CCC
2. Paula Brady, Confidentials Representative, DIST
3. Wes Bryan, President, Golden West College, GWC
4. Susana Castellanos-Gaona, Classified Representative, GWC
5. Alex Ceballos, Student Representative, OCC
6. Andrew Dunn, Vice Chancellor, Finance & Administrative Services, District
7. Dennis Harkins, President, OCC
8. Ann Holliday, representing Academic Senate, CCC, and CFE
9. Janet Houlihan, Vice President, Administrative Services, GWC
10. Andrew Jones, Chancellor, District
11. Judi Lagerlof, Classified Representative, OCC
12. Minesh Lakhani, Classified Representative, District
13. Christine Nguyen, Vice President, Administrative Services, CCC
14. Ann Nicholson, CFCE Designee Representative, OCC
15. Robin O'Connor, Faculty Representative, OCC
16. Lucian Oprea, Student Representative, CCC
17. Joe Poshek, CDMA Representative, OCC
18. Helen Rothgeb, representing Vice President, Administrative Services, OCC
19. Ha Tran, Classified Representative, CCC (replaced Minal Ajbani 8/11)

Committee Members Absent:

1. Theresa Lavarini, Academic Senate Representative
2. Margaret Lovig, Academic Senate Representative, CCC, represented by Ann Holliday
3. Dean Mancina, CFE Representative, OCC, represented by Ann Holliday
4. Vesna Marcina, Academic Senate Representative, OCC
5. Rich Pagel, Vice President, Administrative Services, OCC, represented by Helen Rothgeb
6. Jack Price, Coast CCA Representative
7. Cheryl Stewart, Faculty Representative, CCC
8. Anh (Bella) Tran, Student Representative, GWC
9. Linda York, Faculty Representative, GWC

**State Chancellor's Office Fiscal Self-Assessment Tool**

**ACTION:**

- **Andy Dunn** informed that the State Chancellor's Office Fiscal Self-Assessment Tool should be completed in time for the March DBAC meeting, after collection of all year-end data and results of the external year-end audit.

**Basic Allocation Thresholds**

**Discussion:**

- **Andy Dunn** reported that the Basic Allocation is one of two major funding sources from the state; the other is FTES. Basic Allocation is a lump sum of money from the state based on approved colleges and centers. It is indexed on FTES we serve, and uses 10,000 and 20,000 as thresholds. The Basic Allocation threshold follows workload reduction.

**ACTION:**

- Upon P-1 and final calculations, **Andy Dunn** advised that we will have a better sense of the basic allocation.

**2012-2013 Budget Development**

**Discussion:**

- **Andy Dunn** announced that his PowerPoint presentation was presented to the Board of Trustees' Audit and Budget Committee earlier this week.
- Highlights of the 2012-2013 budget development presentation included:
  - Summary 2011-2012 fiscal year changes
  - Review of P-1 and enrollment metrics
  - Summary of **Governor Brown's** 2012-2013 budget proposal
  - Coast metrics
  - Discussion of budgetary risk
  - Looking ahead.
- Since adoption of the 2011-2012 budget, Coast put \$3.2 million in fund balance assuming there would be Tier II mid-year cuts. The \$3.2 million was made up of a one-time \$900,000 impact to buy down the fee increase deferral, and a \$2.3 million on-going cut to the base allocation.
- For 2010-2011, Coast was 444 FTES over cap, which is a healthy margin for a district the size of Coast.
- 2011-2012 non-resident FTES at Coast was 1,478.73. Since non-resident students pay the full cost for their education and do not draw on state resources, this is an area where Coast can grow. An increase in non-resident FTES would bring in revenue, allowing services for all students to be enhanced.
- Looking at total funded FTES, **Andy Dunn** announced the per credit FTES funding is \$4,500.00. With workload reduction, the amount of funding per credit of FTES is not changing, rather the number of funded FTES is dropping. Because of the \$2.3 million on-going base reduction (referenced above), we are planning for our base to drop another 1½ points in the 2012-13 FY.. If **Governor Brown's** tax proposal does not pass Coast will experience an additional \$8.2 million base cut which includes another 5.5 percent workload reduction mid-year in 2012-2013. By developing the Budget Stability Fund Coast will be able to defer that structural budget reduction to the 2013-14 FY.
- The Governor's 2012-2013 state budget was released January 5, 2012, which was five days earlier than expected due to an accidental on-line publication. Major points of the budget include:
  - A projected state deficit of \$9.2 billion, consisting of \$4.1 billion carried forward from 2011-2012, and \$5.1 billion emerging in the 2012-2013 fiscal year.
  - The Governor proposes a \$7 billion tax measure (five-year deal) that, if approved, would:
    - Increase sales tax by ½ cent
    - Increase income tax on high-income earners
    - Have no reductions for community colleges
    - Provide four percent annual increases 2013-2014 through 2015-2016 (probably as growth)
    - Proposition 98 - \$2.4 billion in deferral reduction and \$2.4 billion in state general obligation bond debt service
    - California Community College apportionments – no COLA; no growth; \$147 million state aid reduction mirroring property tax increase from redevelopment agency (RDA) demise

- Categorical programs – 15 programs collapsed into “Special Services and Operations” block grant; three programs remain autonomous (Disabled Students Programs and Services - DSPS, Telecommunications and Technology Infrastructure Program - TTIP, youth foster care)
    - Student fees – no change beyond scheduled increase for summer 2012 from \$36.00 to \$46.00 per unit
    - Increased apportionments by \$218 million (buy-down deferrals); no COLA, no growth
  - If the Governor’s tax proposal fails:
    - \$300 million system impact
    - \$8.2 million impact to Coast
    - 5.56% additional workload reduction to Coast
  - Additional highlights of the Governor’s budget proposal include mandated reimbursements; abolishment of redevelopment agencies (dismantling of 400 RDAs in the state); and a long-term higher education plan for 2013-2014 through 2015-2016 that increases funding for each segment by four percent, curtails fee increases, shifts lease-revenue bond debt to each system, and requires achievement of administration’s stated priorities.
- Coast proposes a combination of one-time and on-going solutions to balance the District’s 2012-2013 budget.
  - A one-time solution is needed as preparation for mid-year triggers to cover a shortfall of \$6,211,252. Help from the colleges and other programs/funds (possibly Foundations and Enterprise) will be needed.
  - On-going solutions are needed for new expense obligations (STRS, PERS, health benefits, step/column increases, unemployment insurance increases, carry-forward deficit) to cover a projected deficit of \$7,647,000.
- Coast’s projected beginning balance for 2012-2013 is \$15,000,000. In a comparison of fund balances with 11 comparable districts ending June 2010, Coast had the third lowest balance. For the period ending June 2011, Coast ranked fourth out of the same 11 districts.
- Looking at statewide fund balance averages using 2009-2010 unrestricted general funds, the average was 16.20 percent statewide. The lowest was 5.60 percent; the highest was 36.80 percent. Coast ranked well below average at 10.50 percent.
- Budgetary risks that face Coast:
  - Shrinking budget
  - Threats of mid-year cuts (Governor’s budget proposal is based on passage of \$7 billion tax measure on November 2012 ballot)
  - State budget assumptions (Legislative Analyst’s Office states Governor’s budget proposal will only generate \$5 billion rather than \$7 billion)
  - Student fee shortfall (Department of Finance estimates appear not to consider increase in Board of Governors’ waivers)
  - Apportionment cut (\$146.9 million to be cut from state support with backfill from re-directed redevelopment agency property tax (RDA))
- Coast will mitigate budgetary risk in the following ways:
  - For ongoing expense reductions, develop and issue targets for reductions
  - For potential mid-year budget reductions, project the impact of failure of November 2012 tax measure (solve with one-time resources outlined above)
  - Identify one-time funds in ending balance; establish a Budget Stability Reserve to address 2012-2013 mid-year cuts with one-time resources (if cuts occur, will require structural solution in 2013-2014)
  - No further impact to service or access this year (unfunded FTES increases; carry structural imbalance into next year)

- 
- Looking Ahead

January	Project impact of Governor's January budget proposal
February/March	Develop and issue targets
April	Initiate 2012-2013 budget process
May	Colleges and District Administrative Services continue 2012-2013 input. Budget input for Tentative Budget due from colleges.
June	2012-2013 Tentative Budget adopted by Board of Trustees
July	Budget input for Adopted Budget due from colleges.
August	2012-2013 Adopted Budget reviewed by Chancellor's Cabinet
September	Adopted Budget available for public inspection and review in District lobby prior to public hearing and adoption. 2012-2013 Adopted Budget presented for public hearing and adoption by Board of Trustees. 2012-2013 Adopted Budget filed with County Department of Education.

- **Andy Dunn** concluded his presentation by informing that he will keep everyone abreast of budget information. He also offered to visit the college budget committees again this year whenever they are ready.

### Living and Thriving within the Budget

#### Exercise:

**Chancellor Jones** divided Committee members into four groups to talk about non-personnel cost reductions within our control, and share them with all of DBAC. Afterward, new groups were formed and **Chancellor Jones** asked them to come up with new revenue sources to share with everyone.

Cost-saving and revenue-generating ideas included:

#### Non-Personnel, Cost-Saving Ideas

Reduce printing/paper  
 Implement 4-10 schedule  
 Reduce health costs  
 Consolidate functions  
 Distribute and implement staff best practices  
 Reduce hourly/travel expenses  
 Reduce step & column costs  
 Reduce/eliminate longevity  
 Implement furloughs  
 Implement strategic class scheduling  
 Utilize open source textbooks  
 Coordinate course offerings with sister districts  
 Outsource services without loss of existing staff  
 Centralize technology  
 Cross-train staff  
 Temporarily reduce GASB contributions

#### Revenue-Generating Ideas

Increase property and facility rentals  
 Increase international students  
 Develop commercial use of existing, unused parcels (student housing)  
 Centralize grant teams  
 Increase distance learning offerings  
 Offer extended education programs  
 Implement one-card credit card system  
 Pursue regulation requiring banks to give back to organizations  
 Market to alumni  
 Market planned giving  
 Increase commercial business on campus (Pizza Hut/Starbucks)  
 Increase student material fees (such as \$10 technology fee)  
 Create separate venture to offer classes (charter or for-profit entity)  
 Accelerated remediation  
 Accelerated degrees  
 Lease internet protocol (IP) addresses owned by District

At the conclusion of the exercise, a majority indicated that they had heard new ideas. **Dr. Jones** stressed the importance of communication to seek solutions to our challenges. Some proposed solutions require negotiation and some require departing from existing ways of doing things, but can give us the chance to control our future instead of letting the future happen to us.

**ACTION:**

- *Cost reduction and revenue-generating ideas to be shared at college budget committees for additional brainstorming and returned to **Vice Chancellor Andy Dunn** by March 15, 2012. **Andy Dunn** will take the lead for cost reduction and revenue-generating ideas at the District site. Consider what needs to be done and what resources are needed. **Andy Dunn** will bring results to March 22, 2012 DBAC meeting.*

**NEXT MEETING DATE:**

The next meeting will be held March 22, 2012, at 3:00 p.m. in the District Board Room.

The meeting adjourned at 4:46 p.m.

Recorded by Nancy Sprague