

COAST COMMUNITY COLLEGE DISTRICT District Budget Advisory Committee Meeting Summary

February 3, 2011

CALL TO ORDER

Chancellor Ding-Jo Currie called the meeting to order at 3:03 p.m. in the District Board Room

Committee Members Present:

1. Lori Adrian, President, CCC
2. Susana Castellanos-Gaona, Classified Representative, GWC
3. Alex Ceballos, Student Representative, OCC
4. Ding-Jo Currie, Chancellor, District
5. Andy Dunn, Vice Chancellor, Administrative Services, District
6. Raine Hambly, Classified Representative, District
7. Dennis Harkins, President, OCC
8. Janet Houlihan, Vice President, Administrative Services, GWC
9. Nancy Jones, Academic Senate Representative, CCC
10. Judi Lagerlof, Classified Representative, OCC
11. Theresa Lavarini, Academic Senate Representative, GWC
12. Dean Mancina, CFE Representative
13. Michael Mandelkern, CDMA Representative
14. Vesna Marcina, Academic Senate Representative, OCC
15. Christine Nguyen, Acting Vice President, Administrative Services, CCC
16. Robin O'Connor, Faculty Representative, OCC
17. Rich Pagel, Vice President, Administrative Services, OCC
18. Norma Pollaro, Confidential Representative
19. Jack Price, CCA Representative, and Barbara Price, representing CCA
20. Danny Wojciechowski, CFCE Representative
21. Linda York, Faculty Representative, GWC

Committee Members Absent:

1. Minal Ajbani, Classified Representative, CCC
2. Wes Bryan, President, GWC
3. Lee Fuller, Student Representative, CCC
4. Dale Lendrum, Student Representative, GWC
5. Cheryl Stewart, Faculty Representative, CCC

Andy Dunn reviewed and discussed a PowerPoint presentation that integrated all agenda items:

- **Budget Update**
- **Reports Requested at December 2, 2010 DBAC Meeting:**
 - **General Counsel Legal Fees, Lobbying Services, Vision 2020 Facilitator**
- **Short/Long Term Solutions – Best/Worst Case Solutions**

Discussion:

- **Andy Dunn** highlighted key points contained in his presentation:
 1. Key Budget Assumptions
 2. 2011-12 Budget Reduction Scenarios

3. Budget Reduction Scenario #3
4. Budget Development Schedule
5. FTES Summary
6. Questions from Prior Meetings
 - Townsend Public Affairs
 - Legal Expense
 - Vision 2020
7. Salary & Benefit Breakdown

- **Andy Dunn** reported that **Governor Brown** acknowledged the state of California has a \$25-27 billion structural budget imbalance, and proposes mitigation from a combination of budget cuts and revenue solutions. As part of the revenue solution, **Governor Brown** advocates that voters be given an opportunity in the June election to approve an extension of the current taxes for a period of five years. If this measure makes it onto the ballot and is approved by the voters (best-case scenario), Coast would face a \$12 million budget cut from the state. If the measure does not make it onto the ballot or is rejected by the voters, the Governor must create a budget solution entirely from budget cuts. Coast would then face a \$19 million state-imposed budget cut, provided Proposition 98 is funded at minimum levels, or \$27 million if the tax extension fails and Proposition 98 is suspended (worst-case scenario).
- Budget assumptions in **Andy Dunn's** presentation include a property tax shortfall of \$440,000; savings from a proposed increase in student fees from \$26 per unit to \$36 per unit, which **Governor Brown** indicated would remain with the districts; 2.2 percent restoration (growth funding); \$130 million system-wide deferral; and no further cuts to categorical programs, which were so devastated by previous cuts, while extending categorical flexibility provisions through 2013-2014.
- **Andy Dunn** explained the expense side of the District's budget is more stable and easier to project than the revenue side of the budget. He summarized three budget scenarios facing Coast for 2011-2012:
 - a projected net deficit of \$7 million if the June tax package is approved by the voters (best case scenario)
 - a projected net deficit of \$14 million if the June tax package fails and Proposition 98 is funded at minimum levels
 - a projected net deficit of \$22 million if the June tax package fails and Proposition 98 funding is suspended (worst-case scenario). Coast must be prepared for the worst case scenario and, therefore, needs to plan for this potential reality.
- At the February 2, 2011, Board Meeting, Trustees approved a Voluntary Separation Program (VSP), similar to the Early Notification Departure Stimulus (ENDS), which made up the largest single component in last year's budget solution. With VSP, savings garnered from staff participating in the program will remain at the campuses. Fully-benefited employees with five years of service will receive a \$10,000 lump sum payment by submitting an irrevocable letter of resignation or retirement by March 14, 2011 and by departing by June 30, 2011. **Dean Mancina** explained that faculty are not eligible at this time, as CFE considers a separation program to be a mandatory subject of bargaining. Time constraints resulting in part from the mid-March VSP deadline and the 60-days needed to schedule an appointment with STRS, resulted in CFE considering a

separation program at a future date. **Dean** offered that additional information can be found at the CFE website.

- Savings from the following areas will be applied to the deficit in order to balance the District's 2011-2012 budget:
 - non-salary accounts
 - Voluntary Separation Plan
 - negotiable items
 - position reductions (the balance of the deficit not garnered by the above solutions will need to come from position reductions; in light of the fiscal environment, colleges have been asked to begin thinking about position reductions).

- Planning for the worst-case scenario of a \$22 million net deficit in 2011-2012, site allocations for the budget deficit have been determined as follows:
 - Orange Coast College - \$10.4 million
 - Golden West College - \$6.3 million
 - Coastline Community College - \$3.6 million
 - District Office - \$2 million

- **Andy Dunn** explained the timeline for the District's 2011-2012 budget development schedule. While the LAO's fiscal outlook and the Governor's January budget proposal have already been released, the next budget development marker will occur around March 1 when the Governor's "Mini-State Budget" is released. As the Secretary of State requires 90 days to prepare the tax extension measure for the June ballot, we will know by mid-March if the measure makes it onto the June ballot. By mid-March, we will also know the number of staff who choose to participate in the VSP. Management also hope to have a sense of negotiated budget solutions by mid-March in order to plan strategically in the areas that budget reductions need to occur. The Governor's May Revise is scheduled for release on May 5. In order to continue operations in the new fiscal year, the District must have a budget in place and needs to move quickly to plan for a worst-case budget deficit scenario. Staff will need six weeks to prepare the tentative budget, which will be presented to the Board at the June 16 Board meeting. Final budget adoption is slated for presentation at the September 14 Board meeting.

- Based on earlier data, the growth target in the fall was 1 percent; due to changes from the state, the growth target is now 2.2 percent. **Andy Dunn** acknowledged **Nabil Abu-Ghazaleh's** leadership in getting us on track to secure the 2.2 percent restoration funding, which equates to \$3.8 million. It is possible that FTES from summer enrollment may need to be utilized. We are aiming for just over 35,000 FTES. At this time, next year's growth target is currently 1.9 percent.

- In response to inquiries from the previous DBAC meeting, **Andy Dunn** presented the budget allocation and expenses related to the contract entered into between the District and Townsend Public Affairs since 2009; a history of legal services/fees expenditures from fiscal-year 2002-2003 through year-to-date; and budget allocation/expenses incurred for Vision 2020 Master Plan activities. Also provided in response to a request from the previous DBAC meeting was a breakdown of 2010-2011 salary and benefits per bargaining unit.

- Discussion ensued concerning an increase in legal fees since the Board approved the use of a General Counsel in 2008-2009. A number of committee members expressed that, given the current fiscal climate in which all expenses are “on the table” for possible reductions, there appeared to be a sense that the expense of a General Counsel has not been given the same consideration for reduction. The committee would like to communicate this to the Board since the General Counsel is a Board Policy. **Ding-Jo** agreed to deliver this message to the Board.
- **Dean Mancina** offered a perspective that use of a General Counsel may be viewed as protection for the District in such a litigious society, and that CFE employs an attorney on an hourly basis. The question then arose as to whether the District experienced more litigation in the year General Counsel was hired, which could account for the significantly higher legal costs. It was noted that the not all constituent groups, such as the Academic Senates, are able to incur the expense of legal guidance and feel disadvantaged.

Action:

- DBAC members requested verification of the following items:
 - Confirmation that General Counsel is not compensated for participation in Board meeting open sessions, and the effective date that began
 - Inclusion of a “Not to Exceed” amount in the District’s agreement with General Counsel.
- **Ding-Jo Currie** informed she would convey the general consensus of the DBAC collective body to the Board concerning General Counsel expenses.

Conclusion:

- **Ding-Jo Currie** once again offered to address constituent groups on campus to help clarify the budget picture and invited questions to both her and **Andy Dunn**. She reiterated the destructive effects of rumors on students, staff and the institution, including recent rumors of closures of entire programs or colleges. **Ding-Jo Currie** informed there has been no discussion of such closures and asked that DBAC members, as leaders, help to disseminate information heard first-hand at these meetings and to check and verify information heard.
- **Ding-Jo Currie** also noted that the Board will hold a Study Session on April 6, 3:30 p.m. to focus on the budget. All constituents will have time for feedback during the Study Session. **Ding-Jo Currie** also recommended the Board consider a Study Session to study the organization’s staff alignment since July 1, 2010, with an eye toward the future.

NEXT MEETING DATE:

It was agreed that the next meeting would be held March 3, 2011, 8:00 – 10:00 a.m. in the District Board Room.

The meeting adjourned at 5:09 p.m.

Recorded by Nancy Sprague