

COAST COMMUNITY COLLEGE DISTRICT

District Budget Advisory Committee Meeting Summary

April 7, 2011

CALL TO ORDER

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

Cabinet members present were:

1. Wes Bryan, President, Golden West College, GWC
2. Alex Ceballos, Student Representative, OCC
3. Ding-Jo Currie, Chancellor, District
4. Andrew Dunn, Vice Chancellor, Administrative Services, District
5. Raine Hambly, Classified Representative, District
6. Dennis Harkins, President, OCC
7. Ann Holliday, representing CFE Representative
8. Janet Houlihan, Vice President, Administrative Services, GWC
9. Judi Lagerlof, Classified Representative, OCC
10. Theresa Lavarini, Academic Senate Representative, GWC
11. Margaret Lovig, Representing Academic Senate Representative, CCC
12. Vesna Marcina, Academic Senate Representative, OCC
13. Christine Nguyen, Representing Vice President, Administrative Services, CCC
14. Ann Nicholson, CFCE Designee Representative
15. Robin O'Connor, Faculty Representative, OCC
16. Richard Pagel, Vice President, Administrative Services, OCC
17. Norma Pollaro, Confidentials Representative, GWC
18. Joe Poshek, Representing CDMA Representative
19. Barbara Price, representing Coast CCA
20. Linda York, Faculty Representative, GWC

Committee Members Absent:

1. Lori Adrian, President, CCC
2. Minal Ajbani, Classified Representative, CCC
3. Susana Castellanos-Gaona, Classified Representative, GWC
4. Lee Fuller, Student Representative, CCC
5. Nancy Jones, Academic Senate Representative, CCC, represented by Margaret Lovig
6. Dale Lendrum, Student Representative, GWC
7. Dean Mancina, CFE Representative, represented by Ann Holliday
8. Michael Mandelkern, CDMA Representative, represented by Joe Poshek
9. Jack Price, Coast CCA Representative, represented by Barbara Price
10. Cheryl Stewart, Faculty Representative, CCC

Budget Update

Discussion:

Vice Chancellor of Finance and Administrative Services **Andy Dunn** reviewed and summarized the budget plan presented at the April 6th Board Study Session to solve the unprecedented budget deficit. The planning phase will end next month in order to map the tentative budget and present it to the Board for adoption at the June Board meeting.

Highlights of the plan included:

- State Update
 - Trailer bills signed by Governor Brown on March 24 address half of the deficit the state is facing. The State Budget Bill, SB 69, is awaiting the Governor's action and includes

- \$2.1 billion of deferrals for K-14 from 2011-12 to 2012-13; a two-year extension of the categorical flexibility provisions; and a community college fees' increase from \$26 per unit to \$36 per unit. On March 29, Governor Brown broke off budget negotiations with Republican members of the Legislature.
- At this point, options include an all-cuts plan with sights set on the November 2012 Presidential election; an all-cuts plan with pursuit of a targeted tax package in a November 2011 initiative; a half-cuts budget with a November 2011 initiative and return for more cuts if the initiative fails; or pursue majority-vote revenues and persuade the Governor to break his pledge for voter approval of any tax increase.
 - The District continues to plan for a worst-case scenario with the hopeful expectation that the District's deficit solution will range somewhere between scenarios #2 & #3, as presented throughout this budget planning period
- Budget Development Update
 - Emerging, on-going expenses in the coming year include increases in PERS, health benefits, step and column, and an unexpected increase in the unemployment insurance contribution (UIC), which is determined as a function of the size of the District's payroll. An increase in the STRS contribution requires legislative action, which is not expected in 2011-12, and therefore no increase was forecasted in the budget plan.
 - It is anticipated that the increase in student fees will be returned to the District. If student fees were to increase to \$66 per unit, as calculated in scenario #3, consideration must be given to any resulting enrollment decline and ability to meet base funding allocations.
 - **Andy Dunn** strongly encouraged advocating against suspension of Proposition 98 in order to put the District in a better position of facing scenario #2 versus scenario #3. At a recent meeting with colleagues, all felt solutions will fall somewhere between scenario #2 and scenario #3.
 - Solutions Matrix
 - Projected savings allocations per bargaining/meet-and-confer units were presented, along with projected savings per site from the following areas:
 - non-salary accounts
 - workload reduction
 - VSP-A
 - VSP-B (deadline April 15, 2011)
 - vacant positions
 - re-organization
 - non-contractual release time (not applicable to District site)
 - layoffs
 - other
 - **Rich Pagel** noted that every non-salary account was being scrutinized, taken down to zero and examined. Ninety percent of OCC's budget is allocated to salaries and benefits. Thirty people signed up to voluntarily separate under VSP-A.
 - **Wes Bryan** informed that GWC has garnered \$500,000 from non-salary accounts, lost 41 positions last year, has one vacant full-time faculty position that may not be filled next year, some positions have been moved from general fund dollars to categorical or auxiliary dollars, new revenues from rentals are verified by confirmation of a signed agreement, and classes are being scheduled according to scenario #2 with plans ready for scenario #3, if needed. Implementation of scenario #3 would put GWC's middle college status with 10,000 FTES in jeopardy. It is unclear what the impact would be if GWC fell below 10,000 FTES but the District itself did not go into stabilization. GWC has met their reduction of \$1.2 million, but it was necessary that some divisions needed to reduce course offerings more than others due to productivity.
 - **Christine Nguyen** advised that CCC relied heavily on hourly staff but wiped out their hourly budget and now has a very lean staff. The Vice President of Instruction opted to voluntarily separate under VSP-A, which is a critical position for accreditation purposes,

and the loss of two IT positions will cripple IT operations at an institution that is known for its IT operations. Reorganization included review of all critical positions and trimming of release time by 30 percent.

- **Andy Dunn** reported that three people left the District site under the VSP-A option. Savings from non-salary accounts were garnered primarily from Administration and IT.
- **Andy Dunn** indicated remaining 2011-12 target deficits of \$694,274 under scenario #1, \$4,732,634 under scenario #2, and \$11,190,217 under scenario #3. The potential numbers of position layoffs in order to close the remainder of the budget deficit are 53 in scenario #2 and 127 in scenario #3.
- Health Benefits Cost Comparison
 - A comparison of projected prescription benefit costs per employee per month increased to \$738 in 2014-15 assuming no changes to the current plan, versus \$471 with proposed changes brought to the Benefits Advisory Committee.
 - The projected cost of total claims per employee per year increased to \$22,170 in 2014-15, assuming no plan changes, versus \$18,402 with changes.
- Multi-Year Projection
 - Emerging trends must be identified in order to plan accordingly for future years. For example, in 2012-13 the PERS expense could impact the 50% law and must be factored into budget planning.
- Fund Balance Projection
 - The 2010-11 beginning fund balance (reserve) was \$13.5 million, or six percent of the spending plan. Factoring in revenues, budget savings, and costs from the ending balance, there are one-time undesignated available funds of \$4.845 million that could help toward the deficit.
 - Unmet District needs that must be considered in the budget planning process include ongoing funds to refresh computers for faculty and other District personnel, and for resources to fully utilize the Banner operating system.
- Budget Development Schedule
 - **Andy Dunn** reviewed the updated budget development schedule, noting upcoming marker dates.

In response to **Vesna Marcina's** inquiry, **Andy Dunn** advised the District will likely need to draw from summer school FTES in order to make our 2.2 percent growth target this year. Next year's summer school offerings will likely be very minimal.

Action

- Committee members requested that figures for the Board of Trustees' area be included in future budget solution slides, as they are not currently reflected along with the other units.
- The Committee would like to see costs associated with running the Board Wing, including salaries and benefits.
- **Vesna Marcina** requested a cost benefit analysis of the benefits produced by General Counsel as reported by **Board President Patterson** at the previous DBAC meeting, including \$200,000 saved in executive salaries.
- **Vesna Marcina** requested a breakdown of the legal costs covered by the District insurance coverage. **Ding-Jo Currie** responded that the Risk Services department is currently preparing a spreadsheet.
- **Theresa Lavarini** requested to see expenses for all Trustees, including travel. She wondered if savings could be garnered if one Trustee attended a conference and brought back information to fellow Trustees.

District Organization & Future Plans

Discussion

- **Ding-Jo Currie** informed organizational changes were presented to the Board at the March 16 Board Meeting. She noted that the reorganization has been a very organic, responsive process

based on vacant positions resulting from post-ENDS retirements, VSP-A, VSP-B, and transfers. Some offices have lost one-third or one-half of their staff.

- Layoffs are a last resort and everything is being done to avoid them; however, managers have been asked to identify positions (not people) and functions that may not be able to be sustained in a worst case scenario #3. **Ding-Jo Currie** reiterated **Andy Dunn's** previous statement about the importance of advocating preserving Proposition 98 funding, which would put the District in a more manageable position of scenario #2 versus the worst case scenario #3.

Action

- **Ann Holliday** requested that information be given regarding extend GASB funding to 30 years versus the current 20 year plan. **Ding-Jo Currie** replied that those figures will be brought to the Committee, and noted there are short- and long-term implications for funding GASB. **Andy Dunn** offered that the next external bi-annual actuarial study include projections for both extending the payments over 30 years and accelerating the payments in order to remove the obligation.
- **Rich Pagel** asked to have the District's tentative budget model as soon as possible in May in order to facilitate campus planning.

NEXT MEETING DATE:

It was agreed that the next meeting would be held April 21, 2011, 3:00 – 5:00 p.m. in the District Board Room.

The meeting adjourned at 5:04 p.m.

Recorded by Nancy Sprague