

# COAST COMMUNITY COLLEGE DISTRICT

## District Budget Advisory Committee Meeting Summary

April 21, 2011

### CALL TO ORDER

**Chancellor Ding-Jo Currie** called the meeting to order at 3:04 p.m. in the District Board Room. She noted that all agenda items would be integrated into the PowerPoint presentation, which will be posted on the District website's budget link.

Cabinet members present were:

1. Lori Adrian, President, CCC
2. Susana Castellanos-Gaona, Classified Representative, GWC
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. Cindy Kha, representing OCC Student Representative
10. Richard Kudlik, representing Vice President, Administrative Services, CCC
11. Theresa Lavarini, Academic Senate Representative, GWC
12. Vesna Marcina, Academic Senate Representative, OCC
13. Ann Nicholson, CFCE Designee Representative
14. Robin O'Connor, Faculty Representative, OCC
15. Richard Pagel, Vice President, Administrative Services, OCC
16. Norma Pollaro, Confidentials Representative, GWC
17. Joe Poshek, Representing CDMA Representative
18. Cheryl Stewart, Faculty Representative, CCC
19. Linda York, Faculty Representative, GWC

### Committee Members Absent:

1. Minal Ajbani, Classified Representative, CCC
2. Wes Bryan, President, Golden West College, GWC
3. Alex Ceballos, Student Representative, OCC, represented by Cindy Kha
4. Lee Fuller, Student Representative, CCC
5. Nancy Jones, Academic Senate Representative, CCC
6. Judi Lagerlof, Classified Representative, OCC
7. Dale Lendrum, Student Representative, GWC
8. Dean Mancina, CFE Representative, represented by Ann Holliday
9. Christine Nguyen, Vice President, Administrative Services, CCC, represented by Richard Kudlik
10. Jack Price, Coast CCA Representative

### Agenda Items:

**Budget Development Update – State Update**

**Responses to Requests**

**Categorical Fund Flexibility**

**2011/2012 Tentative Budget Plans – Budget Plans 05/04/11 & Board Approval Date 06/15/11**

### Presentation:

- **Andy Dunn** informed the budget presentation would address:
  - Questions and requests from the previous DBAC meeting, as follows:

- Inclusion of Board of Trustees' data in budget solution slide #7. Regarding questions raised on Board Wing/Office expenditures, **Ding-Jo Currie** noted that they are included in the district-site overall expenses. We do not list offices separately, but it can be provided upon request.
    - A cost-benefit analysis of benefits produced by General Counsel, including savings in executive salaries, will be brought back to a future meeting
    - A five-year breakdown of legal costs covered by District insurance was provided via a separate handout distributed by **Andy Dunn**. He explained the term "retention" in the handout is interchangeable with the term "deductible." The handout identified the number and types of claims processed each year, and the amounts paid by the District and the amounts paid by the Statewide Association of Community College (SWACC), which is an insurance pool participated in by the District. **Ding-Jo Currie** thanked **Colleen Rymas** for her efforts in researching each claim over the last five years and preparing the handout.
    - A breakdown of Trustee expenses, including travel costs, will be returned to a future meeting.
  - Budget strategy
    - **Andy Dunn** recapped that the District has tracked three budget solution scenarios since January. Scenario #1 is no longer considered a realistic solution. Therefore, the District's 2011-2012 tentative budget will be developed and presented to the Board based on scenario #2, which must be in place by early May. If budget conditions worsen, necessitating implementation of scenario #3, the District will make the transition at the time of the adopted budget in September 2011, and use the projected undesignated ending fund balance from 2010-2011 to bridge the first quarter of the new fiscal year (July – September 2011). If this situation develops, it is expected that District would have encumbered \$2.5 million in the first quarter of 2011-2012 and will need to have that amount put aside. The deficit gap between scenarios #2 and #3 is approximately \$10 million.
    - **Ding-Jo Currie** clarified that, at this time, there is not enough factual concrete data from the state to develop the District's 2011-2012 tentative budget using scenario #3.
  - Solution matrix
    - In response to a request from the previous DBAC meeting, the Board of Trustees was added to the solution matrix in slide #7.
    - The amount of VSP-B savings each site determined to use toward mitigating budget deficits was \$240,000 for OCC, \$171,000 for GWC, \$0 for CCC (two VSP-B departures occurred in critical positions, resulting in zero savings), and \$90,000 for the District site. Collectively for all sites, VSP-B savings total \$501,000.
    - In the absence of negotiated solutions from all employee groups except management, the total probable layoffs under scenario #2 would be 48, and under scenario #3 would be 120.
  - A separate handout to be presented at the May 4, 2011 Board of Trustees' meeting regarding disposition of part-time faculty parity funds for specific categorical programs
    - **Ding-Jo Currie** asked if there was a representative from the Coast CCA bargaining unit present, as parity is an important issue directly impacting part-time faculty. Although there was no representative present, **Dr. Currie** advised that she and **Vice Chancellor Deb Hirsh** addressed the parity issue with the Coast CCA President prior to the DBAC meeting.
    - **Andy Dunn** recapped previous action taken by the System Office to designate 12 of the California Community College's 21 categorical programs as a "flex item," permitting funds to be transferred from the 12 designated flex programs and used for any other categorical spending purpose through 2012-2013, upon

the approval of the local governing Board at a publicly held hearing. The flex provision was designed to buffer the serious cuts to categorical programs that began in 2009-2010. The District previously made a decision to help support categorical programs with \$1.5 million from the general fund, rather than apply those funds to help mitigate the District's deficit. At the May 4 Board meeting, it will be recommended that the Board direct staff to reallocate part-time parity funds, as one of the designated flex items, for 2011-2012 to categorical spending in Disabled Students (DSPS), Extended Opportunity Programs & Services (EOPS), and Matriculation. Based on a parity fund allocation of \$745,000 in 2010-2011, it is estimated that the same amount will be received for 2011-2012. This will help offset general fund dollars, using only \$124,000 general funds in 2011-2012 to help support categorical programs. There will be no impact to parity funds for 2010-2011; they will be distributed to part-time faculty late summer 2011.

- While negotiated solutions are currently being sought with the bargaining units, **Ding-Jo Currie** noted that CDMA and the Confidentials have agreed to take-backs. She also noted the importance of equity. It will be up to the Board of Trustees to decide if they want to exercise flexibility to reallocate parity funds.
- Assuming implementation of the parity fund "flex provision" combined with a negotiated benefit savings of \$3.1 million, as presented in a previous District Benefits Advisory Committee meeting, could close the budget deficit under scenario #2. The District had requested a common table to negotiate benefits, but that was not agreed to and each unit will negotiate separately. **Andy Dunn** reported that the District's Fiscal Year is July through June, while the Benefit Year is October through September.
- Next steps
  - The tentative budget as prepared under scenario #2 will be presented to the Board at the June 15 meeting. **Ding-Jo Currie** explained that mitigation measures based on scenario #3 will also be presented because its implementation is still a possibility. Presentation of these scenarios will include possible layoffs, depending on whether alternative solutions are found.
  - **Ding-Jo Currie** advised that an All-Management Workshop would be held on April 26 to help managers plan for implementation of budget-mitigation measures in a transparent and effective way. Tools such as legal and counseling assistance will be made available for the management team.

#### Discussion:

- The issue of curtailing travel was brought up, and **Ding-Jo Currie** cautioned that the discussion could only include that which is outside of contractual obligations. Several DBAC members supported implementation of a "frost," as opposed to a freeze, on travel, excluding contractual and compliance areas such as those required for grants, ancillary, academic, accreditation, and athletic requirements. DBAC members agreed to leave travel to the discretion of colleges.
- **Vesna Marcina** reported that OCC adopted a zero-based budget for non-salary accounts, which produced \$840,000 in campus savings. She offered that she would like to see the District's budget process take a greater student-first approach, in keeping with the student-centered culture advocated in the Vision 2020 Steering Committee meetings this year. **Ding-Jo Currie** responded that we can always do better, shifting more focus on a student-centered approach and stronger inclusion of students in the process. The exercises over the last couple of years have been a start toward streamlining procedures for the ten percent of our budget that are not allocated to salary and benefits.
- **Andy Dunn** informed that an actuarial study is performed every other year on payment of unfunded long-term Governmental Accounting Standards Board (GASB) regulations. When engaging an actuary next year, we will request they provide information for extending and

accelerating the payment schedule to consider its impact on the District's budget. Once GASB has been fully funded, the District will no longer need to budget for it and can use those funds for other student-centered, general fund allocations.

**NEXT MEETING DATE:**

It was agreed that the next meeting would be held Tuesday, May 24, 2011, 3:00 – 5:00 p.m. in the District Board Room.

The meeting adjourned at 4:40 p.m.

Recorded by Nancy Sprague