

**Coast Community College District
District Budget Advisory Committee**

May 14, 2010, 3:00 – 5:00 p.m.

Meeting Summary

CALL TO ORDER

The District Budget Advisory Committee (DBAC) Meeting was called to order by **Dr. Currie** at 3:03 p.m. in the District Board Room.

Committee Members Present:

1. Patricia Arfsten for Dean Mancina, CFE Representative
2. C.M. Brahmhatt, Vice Chancellor, Administrative Services, District
3. Marilyn Brock, Interim President, CCC
4. Wes Bryan, President, GWC
5. Susana Castellanos-Gaona, Classified Representative, GWC
6. Ding-Jo Currie, Chancellor, District
7. John Dunham for Jack Price, CCA Representative
8. Raine Hambly, Classified Representative, District
9. Dennis Harkins, President, OCC
10. Helen Hawthorne, Student Representative, OCC
11. Janet Houlihan, Vice President, Administrative Services, GWC
12. Nancy Jones, Faculty Representative, CCC
13. Judi Lagerlof, Classified Representative, OCC
14. Michael Mandelkern, CDMA Representative
15. Vesna Marcina for Eduardo Arismendi-Pardi, Faculty Representative, OCC
16. Kevin McElroy, Vice President, Administrative Services, CCC
17. Rich Pagel, Vice President, Administrative Services, OCC
18. Brenda Perdue for Minal Ajbani, Classified Representative, CCC
19. Norma Pollaro, Confidential Representative
20. Diane Restelli, Academic Senate Representative, GWC
21. Cheryl Stewart, Faculty Representative, CCC
22. Danny Wojciechowski, CFCE Representative
23. Linda York, Faculty Representative, GWC

Committee Alternates in Attendance

1. Theresa Lavarini, Faculty Representative, GWC

Committee Members Absent:

1. Minal Ajbani, Classified Representative, CCC (represented by Brenda Perdue)
2. Eduardo Arismendi-Pardi, Faculty Representative, OCC (represented by Vesna Marcina)
3. Rodney Foster, Faculty Representative, OCC
4. Lee Fuller, Student Representative, CCC
5. Dean Mancina, CFE Representative (represented by Patricia Arfsten)
6. Jack Price, CCA Representative (represented by John Dunham)
7. Jeff Weaver, Student Representative, GWC

STATE BUDGET – MAY REVISIONS

Discussion:

- The Governor's May Revisions were released today and although they included devastating cuts to many statewide agencies, the Governor kept his word from January and spared further cuts to higher education.
- **C.M. Brahmhatt** reviewed two summaries of the May Revision from **League President Scott Lay** and **System Office Vice Chancellor Erik Skinner**, who cautioned that, "We must be aware that the May Revision is not the finish line." Based on past practice, **C.M.** stated the state budget may not be approved in a timely manner.
- **C.M.** informed the May Revision includes:
 - 2.2 percent enrollment growth for the entire community college system (\$126 million), which would serve 26,000 more students.
 - **C.M.** explained it was essential that Coast qualify for growth as it will be the only new money received. It is preferred not to use summer FTES to qualify, but will if necessary. Coast wants 300-500 unfunded FTES for 2010-2011.
 - COLA will remain at -0.38 percent
 - Elimination of the CalWORKS program and redirecting the \$26.7 million previously allocated for that program to support categorical programs through the flexibility provision

FINAL ENDS REPORT AND REPORT OF DISTRICT-WIDE VACANT POSITIONS

Discussion:

- Several handouts were distributed, reviewed and discussed.
- The ENDS Program resulted in 66 vacancies from general fund dollars. Combined with 42 existing vacancies from general fund dollars, there are a total of 108 positions from general fund dollars that will be vacant effective July 1. Ancillary fund vacancies from the ENDS Program and existing vacancies total 33.
- Of the 108 general fund positions, 55 are faculty, 38 are classified, 13 are managers, and two are confidential staff. Every segment of the District will be impacted.
- Given the final figures, **Ding-Jo Currie** advised that the District meets the full-time faculty obligation. The impact from ENDS toward 50% is positive.
- District expects campuses to manage their own budgets and gives Colleges the autonomy to decide how they want to handle this challenge. However, the District will closely monitor all budgets. Coast chose to backfill the classrooms on the instructional side of the house with \$2.3 million for part-time faculty. There will be no backfill for counselors, managers or classified. It was noted by **Pat Arfsten** and acknowledged by management that counselors are part of faculty.
- General fund savings from the 108 positions add up to \$7.8 million. **Ding-Jo Currie** advised that every penny, and more, will be needed to mitigate the District's budget deficit of \$15 million. No position can be replaced. Internal shifting of personnel will fill those positions that are absolutely critical in nature. Only under special circumstances in which no qualified internal staff are available to fill a critical position, such as the need for certification or license requirements, will a position be opened for outside hiring.
- Golden West College has a disproportionate percentage of vacancies. To balance the inequity, shifting staff from Coastline and Orange Coast to Golden West can mitigate this imbalance. This will be the transfer program, as dictated by budget needs of each site.
- Reviewing data from previous Budget Shortfall Forecast handouts, **C.M. Brahmhatt** noted that the 2008-2009 original deficit of \$11 million was mitigated by a variety of measures, including the use of \$5.8 million from District reserves, hiring slowdown, cuts to travel, marketing, etc. Between the April 9 DBAC meeting and the May 14 DBAC meeting, the District's deficit grew from \$12.7 million to \$14.5 million.

- **C.M. Brahmhatt** reviewed the current Budget Shortfall Forecast handout. He noted several items that will add to the District's deficit for 2010-2011, 2011-2012, and 2012-2013, such as:
 - Expected increases to PERS contribution rates of 1 percent, 2.4 percent, and 4.5 percent
 - Conservative projected increases to STRS contribution rates of 1-2 percent, which will likely be significantly higher as STRS must earn a 20 percent return on assets over the next five years.
 - Increased unemployment rates
 - Contractual obligation to pay Coast Federation of Education salary increase
 - Arbitration settlement obligation to pay Coast Federation of Classified Employees "Me Too" salary increase
 - Increase in health benefits costs. \$12,800 per employee was budgeted for 2008-2009; actual cost was \$13,200. Projected per employee cost for 2010-2011 is \$14,300.
- District reserves at year end will be \$13-14 million.
- Annual retiree health contribution to GASB for next three years will be \$2 million, reduced from previous contributions of \$3 million. Payment of retiree health contribution is also a contractual obligation.

TENTATIVE 2010-2011 BUDGET PROPOSALS

Discussion:

- **Ding-Jo Currie** stated that 88 percent of the District's budget is spent on salary and benefits, which are negotiable items. She reviewed that, beginning early in the year, District approached employee representative group leadership to consider budget mitigation measures within the scope of salary and benefits, but was unsuccessful in garnering cooperation to open negotiations. Other avenues of mitigation measures were explored and implemented, including, but not limited to, the hiring slowdown, cutting hourly employees, eliminating purchases, and campus cuts of \$2 million.
- **Ding-Jo Currie** informed that management asked employee representative group leaders to consider changes to the District's health benefits' plan design, and was informed at the May 5 Board meeting that she could not consider this method for budget deficit mitigation, as the entire health benefit package, including plan design changes, is a negotiable item. Hence, District had to turn to other measures, again.
- **Norma Pollaro** offered that the Confidential employees endorse exploring changes to the health benefits package as a way to mitigate the budget deficit. **Ding-Jo Currie** informed that the Coast District Management Association has also expressed a willingness to consider benefit plan changes to garner some savings for the budget.
- Collectively, \$11.8 in budget reductions have been identified for 2010-2011. To mitigate the \$15 million budget deficit, \$3.2 million more in reductions must be identified for presentation to the Board at the May 26 Budget Study Session.
- **Neal Kelsey** responded that Coast Federation of Classified Employees has been at the negotiation table since the fall semester and only recently were changes to the benefits' plan design addressed by management. He expressed CFCE's position that there is a process to follow for consideration of changes to the benefits' package, which is being explored now at the bargaining table. **Ding-Jo Currie** noted that the CFCE contract was coming to the end of its term and negotiations are on-going; CFE contract expires in one year (June 30, 2011); managers and confidential employees are currently involved in the meet and confer process.
- **Ding-Jo Currie** noted that she needs help from DBAC members to identify the remaining reductions to reach the necessary \$15 million.
- Suggestions from Committee members to find an additional \$3.2 million in budget reductions for 2010-2011 included consideration of: 4-10 work schedules in some areas, elimination of all hourly employees, temporary reduction of class offerings by reducing some backfills, and consideration of reassign staff to teach in classrooms. **Ding-Jo Currie** expressed appreciation

for the good discussion, noting that every decision has a consequence. She emphasized that the Board of Trustees wants every possible avenue explored for budget reductions in an effort to avoid the last-resort path of non-negotiable staff layoffs. This has been the Coast approach from the start.

- **Ding-Jo Currie** advised that mitigation measures for the entire \$15 million budget deficit must be presented in the tentative budget to the Board.
- Once the 2010-2011 budget is finalized, **Ding-Jo Currie** advised that the focus can shift to long-term budget solutions. In response to an inquiry to expand on long-term budget solutions by investing in revenue generation capacities, **Ding-Jo Currie** offered the District and Colleges have capacities that are marketable, such as designing, distributing, and licensing products, training programs for private industry and international customers, but investment may be needed to package the product for a different kind of population than students.

Action:

- **Ding-Jo Currie** asked DBAC members to forward their input for the additional \$3.2 million of cuts that are need for the 2010-2011 budget, in preparation for presentation to the Board at the May 26 Budget Study Session. Management will continue to search for additional resources. The budget numbers will also be re-examined to achieve more accuracy.

NEXT MEETING DATE:

It was agreed that the next meeting would be held on Tuesday, July 20, 10:00 a.m. – 12:00 p.m. in the District Board Room

The meeting adjourned at 5:04 p.m.

Recorded by Nancy Sprague