

Coast Community College District
District Budget Advisory Committee
May 21, 2009, 2:00 – 4:00 p.m.
Meeting Notes

The District Budget Advisory Committee Meeting was called to order by Acting Chancellor Currie at 2:03 p.m. in the District Board Room. Committee members in attendance were:

1. Minal Ajbani, Classified Representative, CCC
2. Cheryl Babler, Acting President, CCC
3. C.M. Brahmbhatt, Vice Chancellor, Administrative Services, District
4. Wes Bryan, President, GWC
5. Susana Castellanos-Gaona, Classified Representative, GWC
6. Ding-Jo Currie, Acting Chancellor, District
7. Bob Dees, President, OCC
8. Rodney Foster, Faculty Representative, OCC
9. Helen Hawthorne, Student Representative, OCC
10. Judi Lagerlof, Classified Representative, OCC
11. Dean Mancina, CFE Representative, OCC
12. Kevin McElroy, Vice President, Administrative Services, CCC
13. Rich Pagel, Vice President, Administrative Services, OCC
14. Jack Price, Coast CCA Representative
15. Diane Restelli, Faculty Representative, GWC
16. Vince Rodriguez on behalf of Michael Mandelkern, CDMA Representative, OCC
17. Cheryl Stewart on behalf of Nancy Jones, Faculty Representative, CCC
18. Danny Wojciechowski, CFCE Representative, OCC

Acting Chancellor Ding-Jo Currie welcomed committee members and those in attendance in the audience. **Dr. Currie** announced that the items on the agenda would be re-ordered to accommodate an in-depth exploration of the current budget crisis, and responses to “hot questions” from the previous meeting would be addressed at the end of this meeting, time permitting.

Dr. Currie stated that the impact of the current state-wide budget deficit, made greater due to the failure of the propositions on the May 19, 2009, Special Election ballot, will be severe and will require a shared sacrifice among all Coast employees. Swift action is needed and collective input is required to make decisions that can be forwarded as budget recommendations to Trustees. **Dr. Currie** shared that some constituent groups already submitted suggestions to this Committee, and the purpose of today’s meeting was to expand the list of suggestions and collectively determine those for recommendation to Trustees. For a review of the most up-to-date information from a state-wide and district-wide perspective, **Dr. Currie** introduced **Vice Chancellor Brahmbhatt**.

Mr. Brahmbhatt distributed several handouts containing budget data, which, he noted, is changing from moment to moment. For example, **Mr. Brahmbhatt** stated that, as of May 20, it was thought that there would be a 49 percent across-the-board cut for categorical funds in 2009-10; as of May 21, it was changed to 57 percent. **Dr. Currie** stated she will ask constituents from the categorical programs at all three colleges to meet and work together and discuss the reductions. **Mr. Brahmbhatt** described the data in the handouts, noting that

system-wide proposed cuts are \$127 million for 2008-09 and \$697 million for 2009-10. At the District level, **Mr. Brahmhatt** noted that Coast will face a \$20.4 million shortfall for 2009-10, consisting of \$10.3 million from apportionment/general funds and \$10.1 million from categorical funds.

The \$10.3 million shortfall for the District in 2009-10 is composed of property tax shortfalls (\$3.5 million); apportionment reduction (\$3.6 million); and growth (not budgeted), totaling \$7.1 million. New costs to be incurred will result from health and welfare increases (\$580,000); step and column movements (\$1.2 million); negotiated salary increases (\$1.2 million); and statutory benefits consisting of benefits on salary increases and a PERS rate increase (\$190,000), totaling \$3.2 million. These revenue reductions of \$7.1 million and new costs of \$3.2 million bring the total budget shortage to \$10.3 million for 2009-10. With respect to reducing the \$10.3 million shortage, **Mr. Brahmhatt** offered some potential cost-saving ideas that included a reduction of the stabilization reserve (one-time funds) (\$2 million); reduction of the reserve for contingency (one-time funds) (\$3.3 million); a reduction of campus and district office operations (on-going) (\$2 million); and reduction in personnel costs or contributions (on-going) (\$3 million), totaling \$10.3 million.

As noted by **Dr. Currie**, Coast Community College District does not have a revenue generating mechanism for additional funding; the only resource available is the reserve fund. **Dr. Currie** and **Mr. Brahmhatt** expressed apprehension about reducing the reserve to the minimum state-mandated five percent because this budget crisis is one that will continue for multiple years, and the reserve will be needed for more than one year.

Mr. Brahmhatt reviewed a handout containing potential cost-saving measures to the District for 2009-10 and beyond that were gathered from suggestions of staff, ideas of other Districts, and past practices, which included:

1. Hiring slowdown/freeze of all open positions. For 2008-09, all hiring must be approved by campus Presidents, Vice Chancellors and Chancellor. There are currently 67 open positions, excluding executive management and faculty, which are required for accreditation purposes.
2. Reduce classified hourly costs fifty percent by reducing hours to 20 hours per week with single assignment at one site only.
3. Freeze health benefits at \$12,500 for two years with additional costs added to employee contribution.
4. Add three LHE per year to full-time faculty for next two years and have eligible manager or eligible classified staff teach a class voluntarily.
5. Reduce vacation days to a maximum of 12 days/year for next two years.
6. Perform an in-depth review of every position using an in-house District-wide task force to determine how position adds value to sustain cost. This has not been done in 25 years. Every position would be examined critically in terms of resources. Some positions are overflowing due to evolution of work, while others may not have as heavy a workload. Once identified, steps can be taken to re-balance tasks for better alignment, utilizing transfers, retraining, and attrition. This can be a controversial and sensitive area.
7. Reduce management expenses by 10% over the next two years.
8. Savings due to elimination of additional costs: No salary increase for 2009-10 and 2010-2011.
9. Institute a one-day per month furlough day for all classified staff and managers (5% pay reduction).
10. Freeze step and column increases.

Mr. Brahmhatt also distributed a hand-out containing non-personnel related cost saving ideas consisting of a 10% reduction of all utilities, which would save the district approximately \$500,000 annually. This would include adjustments to the HVAC system and lighting, while keeping safety and security in mind. **Mr. Mancina** expressed concern about the effect of utility savings on the classroom. He noted that lighting and classroom temperature need to be sufficient to provide an environment that allow students to succeed. **Ms. Stewart** offered consideration of equal distribution of sacrifice, noting that shutting down on Fridays would save utility costs. Other ideas included a cut to travel budgets by 50%; reduce/eliminate institutional memberships; reduce/eliminate independent contractors and professional experts, where necessary; and eliminate purchases of non-instructional equipment.

Mr. Brahmhatt advised that hiring freezes are very common in other districts. Freezing step and column increases are becoming more common as employees determine these enhancements can be deferred as long as jobs remain intact. Furloughs are also becoming more common, and are already in place at the state level.

Dr. Jack Price distributed a handout containing ideas for cost-saving measures, divided into two categories: those that are symbolic but not substantial, and those that are substantial.

Mr. Dean Mancina inquired about reducing GASB retiree health benefits and utilizing the accumulated GASB funds to pay health benefit costs for current retirees. **Mr. Brahmhatt** offered a caution that the District is close to the 60/40 rule, with 60 percent of District employees working and 40 percent who are retired. As fewer employees work, the cost to pay for retiree health benefits will come from the accumulated GASB account. **Ms. Kim Allen**, District Director, Fiscal Affairs, added that the District contributes \$3 million annually in on-going funds to keep current with GASB regulations, and contributes \$1.2 million annually to relieve the ongoing liability. **Mr. Brahmhatt** stated that employees currently contribute one-half of one percent toward health care premiums. A more reasonable contribution might be one-to-two percent in order to protect our retiree health benefits. As a retiree, employees receive full benefits to age 70, and \$4,000 a year toward supplemental coverage, which continues for the employee's spouse in the event of an employee's death. **Mr. Wes Bryan**, GWC President, noted that the Accreditation Commission requires evidence of a retiree health benefit plan and the ability to sustain it. Without evidence, an institution is in jeopardy of losing accreditation. **Dr. Diane Restelli**, GWC Academic Senate President, ask about encouraging retirements. **Mr. Brahmhatt** responded that retirements do provide an initial savings, but they do not continue long enough. **Mr. Richard Pagel**, Vice President, Administrative Services at Orange Coast College, asked if a 4/10 work schedule would be a consideration this summer to save on utility costs. **Dr. Currie** expressed concern that instituting such a schedule may impact classified employees more than faculty, as well as the need to provide enough advance notice to plan for child care issues. **Mr. Pagel** also inquired about workload measures. **Mr. Brahmhatt** responded that next year's growth target may be revised to zero growth. At the system level, workload measures might be reduced by two to four percent. Coast would like to be in the middle range of unfunded FTES. **Dr. Currie** informed that we have more than 1200 unfunded FTES this year. She expressed her desire to offer as many classes as reasonably possible without excessive consideration of unfunded FTES, as long as we are able to fund them. We will have more students from the Cal-State and University of California systems, in addition to displaced workers, veterans, and students taking advantage of the Pell Grant

increase provided by President Obama's administration. It is time to actually offer more than less due to demand. We will make it a goal, but need to be realistic considering the budget reduction given. **Dr. Currie** stated that we cannot afford to do things the way we did before. It is time to examine business practices and explore how we may do things differently.

At the conclusion of discussing all 21 cost-saving measures generated, a handout was printed immediately and distributed to all committee members in attendance at the table. Upon direction from **Dr. Currie** and **Mr. Brahmhatt**, each committee member identified his/her own top ten items favored for implementation by placing a red dot on the item. The red dots for each item were counted and a collective list of the top ten items was identified. From the list of top ten items, committee members were asked to identify the top five cost-saving ideas by placing another colored dot (not red) on those items. These dots were counted to determine the items that ranked in the top five by the committee. (See table at end of report.) Dr. Currie explained that this exercise is not to set cost-cutting or budget decisions in stone. Rather, it's a vehicle to help the committee reach a sharper focus to begin the next round of discussions. The committee remains open for new, viable and innovative ideas for meeting the necessary reductions.

In light of the release of the Governor's May Revise on May 28, and the Board of Trustees' Budget Study Session on June 3, **Dr. Currie** called for an additional District Budget Advisory Committee meeting for further discussion of this issue. It was agreed the Committee would meet on June 2, 2:00-4:00, in the District Board Room. Committee members unable to attend were informed that they are welcome to send a representative.

Dr. Currie closed the meeting by thanking everyone in attendance for their attention and contribution to this vital budget issue, stating that what was discussed today sets the stage for a level of seriousness and potential changes that must be considered for implementation.

The meeting ended at 4:20 p.m.

COAST COMMUNITY COLLEGE DISTRICT DISTRICT BUDGET ADVISORY COMMITTEE MEETING MAY 21, 2009, 2:00-4:00, DISTRICT BOARD ROOM				
Suggested Cost Saving Measure	Round One Number of Votes	Round One Ranking	Round Two Number of Votes	Round Two Ranking
Item # 1 Hiring slowdown/freeze across the board. For current FY 2008-09, all hiring must be approved by campus Presidents, Vice Chancellors and Chancellor.	12	1	12	1
Item #2 Reduce classified hourly costs 50% by reducing hours to 20 hours per week with single assignment at one site only.	9	3	9	3
Item #3 Freeze health benefits at \$12,500 for next two years. Additional cost will be added to employee contribution. Increase ½ of 1% to higher percentage.	9	4	10	2
Item #4 Add three LHE per year to full-time faculty for next two years and have eligible manager or eligible classified staff teach a class voluntarily.	4	Not in top ten	N/A	N/A
Item #5 Reduce vacation days to a maximum of 12 days/year for all employees for next two years.	3	Not in top ten	N/A	N/A
Item #6 Review/re-evaluate all positions using District-wide task force.	8	8	4	Not in top five
Item #7 Reduce management expenses by 10% over the next two years.	5	Not in top ten	N/A	N/A
Item #8 No salary increase to any group for 2009-2010 and 2010-2011.	9	5	9	4
Item #9 A one-day/month furlough day for all classified staff and managers (5% pay reduction).	3	Not in top ten	N/A	N/A
Item #10 Freeze step and column increase for 2009-2010.	9	6	7	Not in top five

COAST COMMUNITY COLLEGE DISTRICT DISTRICT BUDGET ADVISORY COMMITTEE MEETING MAY 21, 2009, 2:00-4:00, DISTRICT BOARD ROOM				
Suggested Cost Saving Measure	Round One Number of Votes	Round One Ranking	Round Two Number of Votes	Round Two Ranking
Item #11 Eliminate the Assistant Vice-Chancellor for Educational Services position.	5	Not in top ten	N/A	N/A
Item #12 Eliminate the attorney at the Board table.	8	9	7	Not in top five
Item #13 Reduce Board and administrative travel.	9	7	6	Not in top five
Item #14 Eliminate the District building and grounds program and have it covered by OCC	1	Not in top 10	N/A	N/A
Item #15 Make a concerted effort to sell/lease all excess District property.	4	Not in top 10	N/A	N/A
Item #16 Eliminate the PR programs at the District and Colleges.	4	Not in top 10	N/A	N/A
Item #17 Go to 4/10 work week during summer for utility savings.	10	2	8	5
Item #18 Eliminate GASB 45 contributions towards retiree health benefits.	3	Not in top 10	N/A	N/A
Item #19 Make use of accumulated GASB 45 contributions.	2	Not in top 10	N/A	N/A
Item #20 Initiate a retirement incentive to lessen higher paid salaries.	7	10	5	Not in top five
Item #21 Close campuses down on Fridays to save on utility costs.	6	11	3	Not in top five