

COAST COMMUNITY COLLEGE DISTRICT

District Budget Advisory Committee Meeting Summary

May 24, 2011

CALL TO ORDER

Chancellor Ding-Jo Currie called the meeting to order at 3:04 p.m. in the District Board Room.

Committee members present were:

1. Lori Adrian, President, CCC
2. Wes Bryan, President, Golden West College, GWC
3. Susana Castellanos-Gaona, Classified Representative, GWC
4. Ding-Jo Currie, Chancellor, District
5. Heather Dominguez representing Judi Lagerlof, Classified Representative, OCC
6. Andrew Dunn, Vice Chancellor, Administrative Services, District
7. Raine Hambly, Classified Representative, District
8. Dennis Harkins, President, OCC
9. Janet Houlihan, Vice President, Administrative Services, GWC
10. Nancy Jones, Academic Senate Representative, CCC
11. Theresa Lavarini, Academic Senate Representative, GWC
12. Dean Mancina, CFE Representative
13. Vesna Marcina, Academic Senate Representative, OCC
14. Christine Nguyen, Vice President, Administrative Services, CCC
15. Ann Nicholson, CFCE Designee Representative
16. Robin O'Connor, Faculty Representative, OCC
17. Norma Pollaro, Confidentials Representative, GWC
18. Joe Poshek, Representing CDMA Representative
19. Cheryl Stewart, Faculty Representative, CCC
20. Linda York, Faculty Representative, GWC

Committee Members Absent:

1. Minal Ajbani, Classified Representative, CCC
2. Alex Ceballos, Student Representative, OCC
3. Lee Fuller, Student Representative, CCC
4. Judi Lagerlof, Classified Representative, OCC, represented by Heather Dominguez
5. Dale Lendrum, Student Representative, GWC
6. Richard Pagel, Vice President, Administrative Services, OCC
7. Jack Price, Coast CCA Representative

Dr. Currie announced Board action taken earlier in the afternoon to select **Dr. Andrew Jones** to replace her as Chancellor of the District. **Dr. Jones** currently serves as Executive Vice Chancellor of Educational Affairs for the Dallas County Community College District, which is a large, multi-campus district serving 80,000+ credit enrollment. He will begin his new position this summer. **Dr. Currie** noted that the Executive team met **Dr. Jones** and were pleased with the Board's choice. She thanked those who served on the search committee.

Agenda Items:

Andy Dunn noted that the PowerPoint presentation addressed the first two agenda items and would be posted on the District's website.

**Governor's May Revise Update
Tentative 2011-2012 Budget
Discussion:**

- The **Governor's** May Revise was released May 16 and affirms changes stemming from the January budget proposal:
 - \$290 million reduction to community colleges
 - Increase student fees from \$26/unit to \$36/unit
 - Reduction of deferrals to \$611 million due to new state tax revenue increase
 - Elimination of 43 Commissions or Boards, including the California Postsecondary Education Commission (CPEC)
 - Adjustments to property tax estimates.

Although relatively positive, the **Governor's** plan still relies on passage of tax extensions by a 2/3 vote of both the state Senate and Assembly. Approving the tax extensions received little traction when the state deficit appeared larger than revised indications, which may pose a challenge in garnering approval now.

- If the tax extensions are not approved, the alternative of an all-cuts budget solution might include:
 - Further cuts to Health and Human Services and education
 - \$5 billion cut to Proposition 98 (**Governor** indicates no desire to suspend)
 - Increase of student fees to \$125/unit
 - Additional \$500 million cut to the University of California and California State University systems
 - Loss of an estimated 52,000 California Community College courses
 - Significant change to K-12 structure.

Details of an all-cuts budget are not worked out.

- As a result of changes in revenue and expenses, the District's new costs for 2011-2012 are \$3.2 million in scenario #2, which is being used to prepare the tentative budget. This includes:
 - No negative COLA
 - Growth/restoration
 - Sixteen districts have not met their restoration target and four districts are in decline. If targets are not met, that money is given to other districts. Coast may be in a position to garner more than 2.2 percent growth, but will not know what we earn until February 2012.
- The District's pre-negotiation 2011-2012 deficit is down to \$13.2 million, in part due to extending the amortization period for the retiree health benefits liability to 30 years from 20 years. This will reduce annual expenses by \$1.2 million.
- The projected target deficit reduction for each bargaining unit is reduced to three percent from five percent, resulting in a post-negotiation deficit of \$10 million spread across all sites.
- Applying savings from the recalculation of the retiree health benefit liability, non-salary accounts, workload reduction, VSP programs, vacant positions, reorganizations, new revenue, non-contractual release time, and simulating a three percent reduction from all units (CFE, CFCE, ACE, CDMA, and Executives), the remaining balance to close the deficit is \$264,000.
- In response to a question from **Cheryl Stewart** about backfilling the categorical programs, **Andy Dunn** explained that implementing the flex provision by using parity funds was considered along with all other possibilities as part of the budget solution. The Board stated use of parity would only be called upon if growth funding was cut more than ten percent. At this point, that does not appear likely. **Andy** clarified that no categorical programs would have been harmed if the flex provision had been implemented, and it may be something to revisit in future years, or if the **Governor's** budget plan does not come together this year. **Andy** further added that workload reduction results in a reduced number of part-time hires, and will need to be tracked in context with meeting our 50% obligation.

- **Andy Dunn** explained a multi-year FTES trend for our three colleges through 2015-2016, as projected by School Services of California, stressing that FTES drives everything we do and every dollar we earn. Golden West College reached the 10,000 FTES threshold several years ago but has recently fallen slightly below that mark. It has three years to restore that level before a reduction in basic allocation occurs. Projections indicate GWC will be above 10,000 FTES in 2013-2014. Orange Coast College will reach the 20,000 FTES threshold at some point in the future. These thresholds will be an important budgetary consideration as we go through enrollment management.
- For 2010-2011, the District's beginning fund balance (reserve) was \$13.5 million, or 6.3 percent of our spending plan. The System Office states a reserve of five percent is prudent, and our Board is interested to see the reserve move toward seven percent. The projected ending fund balance (reserve) is \$20.7 million, or 10 percent of our spending plan. After applying designated uses (reserve for contingency, GWC Learning Resource Center, VSP payout, contractual carryover, contract/grant development, transfer to ongoing CFE negotiations, and retiree health benefits), the projected balance available for one-time purposes is \$1.9 million. **Andy Dunn** advised that we may need to call on the undesignated fund balance if the **Governor's** tax plan does not materialize.
- Looking ahead, the **Governor** will again pursue approval of tax extensions. Legislators have a constitutional obligation to pass a state budget by June 15; if not done, sanctions may be imposed. It is expected that the state will continue to have a \$5-\$7 billion deficit in future years.
- In concluding the presentation, **Andy Dunn** reported that the recent news is beginning to look better. All budget solutions have materialized because of the efforts of all constituent groups. **Ding-Jo Currie** and **Andy Dunn** expressed deep appreciation for everyone working together to find solutions and asked that this be conveyed to colleagues.
- In response to an inquiry from **Lori Adrian** regarding the status of future technology plans, **Andy Dunn** gave a long-term prognosis that includes going out for a new bond measure. He noted that Measure C projects from the 2002 bond measure are nearly completed, and with the passage of Proposition 39 a decade ago, local bonds can be passed with 55 percent of the vote instead of 66 2/3rd percent. Districts are also now able to spend bond funds on equipment. With completion of the Facility Master Plan, we anticipate \$5-\$6 million of new facility needs to emerge in the next decade and will need to identify technology costs in the next spending plan. In the short term, **Andy** indicated the news was less positive as much of our current budget savings resulted in a reduction of technology initiatives. Although the District has some technology resources on the shelf that were previously purchased, staffing issues have resulted in insufficient human resources to implement those resources. **Andy** further noted the importance in the future to match one-time funds with one-time resources, and long-term funds with long-term resources. **Ding-Jo Currie** added that we must be prepared address both short- and long-term technology plans in our upcoming accreditation self-studies. She also voiced that technology is one of the focal points of the Vision 2020 Master Plan and that conversation is warranted, perhaps after adoption of the final budget, about our existing technology resources and what we can implement. **Dr. Currie** added that the incoming Chancellor had a great deal of experience and vision in the technology area and will help guide the District on the technology path.
- In response to a question by **Norma Pollaro** about distribution of any one-time fund balance, **Andy Dunn** cautioned that we do not have those funds yet and the possibility exists that we may find that we will have a larger deficit, depending on the **Governor's** effort to extend taxes and other factors. However, he offered that this body could serve as a vehicle for that discussion. **Ding-Jo Currie** informed that the District Budget Advisory Committee was established to provide a shared and open forum to discuss, plan and develop budget recommendations. It is also to enhance transparency, increase knowledge, and build collaboration for budget development between the District and Colleges as well as among

constituency groups. For the last two years, the Committee has focused on finding deficit solutions.

- **Dean Mancina** suggested the Committee may want to hold a half-day retreat to self-evaluate its strengths and weaknesses, goal and purpose, and establish a schedule of meetings for the upcoming year. **Ding-Jo Currie** agreed that would be an excellent idea. It was also suggested that next year's DBAC continues with the annual Budget 101 session for new members, especially.

Personnel and Class Schedule Plans

Discussion:

- The deadline to apply for the VSP-C plan is June 3. **Ding-Jo Currie** informed that there is planning for an early retirement notification program for faculty with a closing date of October 1. This will allow for advance planning to replace faculty one-for-one in order to meet the 50% law requirement. She added that growth funding is embedded in the salary schedule and if we received the anticipated growth, colleges will need time to find money to fill the classes. The fall class schedule reflects a 10 percent reduction of classes that are farthest from our core mission of issuing degrees, transfers, and certificates, as guided by the System Office. It is hoped we may be able to add classes.

As the last DBAC meeting of the academic year and **Ding-Jo Currie's** final DBAC meeting prior to her departure as Chancellor on June 30, she thanked the Committee for their leadership and shared she has enjoyed working with them. The Committee thanked her and wished her well in her new ventures.

NEXT MEETING DATE:

To be determined

The meeting adjourned at 4:41 p.m.

Recorded by Nancy Sprague