

# COAST COMMUNITY COLLEGE DISTRICT

## District Budget Advisory Committee Meeting Summary

August 24, 2010

### CALL TO ORDER

Chancellor Ding-Jo Currie called the meeting to order at 9:04 a.m. in the District Board Room.

#### Committee Members Present:

1. Lori Adrian, President, CCC
2. Minal Ajbani, Classified Representative, CCC
3. C.M. Brahmhatt, Vice Chancellor, Administrative Services, District
4. Wes Bryan, President, GWC
5. Paul Chalfant, Representing GWC Student
6. Ding-Jo Currie, Chancellor, District
7. Raine Hambly, Classified Representative, District
8. Dennis Harkins, President, OCC
9. Janet Houlihan, Vice President, Administrative Services, GWC
10. Nancy Jones, Faculty Representative, CCC
11. Theresa Lavarini, Faculty Representative, GWC
12. Dean Mancina, CFE Representative
13. Michael Mandelkern, CDMA Representative
14. Vesna Marcina, Faculty Representative, OCC
15. Christine Nguyen, Representing Vice President, Administrative Services, CCC
16. Rich Pagel, Vice President, Administrative Services, OCC
17. Norma Pollaro, Confidential Representative
18. Jack Price, CCA Representative
19. Cheryl Stewart, Faculty Representative, CCC
20. Danny Wojciechowski, CFCE Representative
21. Linda York, Faculty Representative, GWC

#### Committee Members Absent:

1. Susana Castellanos-Gaona, Classified Representative, GWC
2. Faculty Representative, OCC
3. Lee Fuller, Student Representative, CCC
4. Helen Hawthorne, Student Representative, OC
5. Michael Knotts, Student Representative, GWC (represented by Paul Chalfant)
6. Judi Lagerlof, Classified Representative, OCC
7. Jack Price, Coast Community College District CCA Representative
8. Linda York, Faculty Representative, GWC

#### Also in Attendance:

1. Deb Hirsh, Vice Chancellor, Human Resources

### STATE BUDGET UPDATE

#### Discussion:

- **C.M. Brahmhatt** identified various components of the state budget, noting the importance of guaranteed K-14 funding provided by Proposition 98 and concern about its proposed suspension. Funds diverted from suspension of Proposition 98 would help fund the California Jobs Act.
- Negative 0.38 percent COLA for 2010-2011 will cost the District \$600,000. There is support in both the Assembly and Senate not to have negative COLA.

- 2.21 percent growth is included in the state budget. Coast does not budget growth funds in year one. Since growth funding will be the only new revenue in the immediate future, if protected, these funds will help cover expenditures for 2011-2012 and 2012-2013.
- The Governor has threatened not to sign the state budget. Coast's budget will be presented to the Board of Trustees at the September 15 Board meeting regardless of the status of the state budget. Any changes resulting from the state budget once it is approved will be brought to the Board at a future meeting. Upon Board approval of the 2010-2011 budget, allocations to the colleges are guaranteed for 2010-2011 unless there is a significant permanent reduction in allocation.
- There will be no capital outlay bonds in 2010; the next opportunity will be 2012, which would then be four years without any capital outlay funding. Prioritization of college projects will be needed and projects will be delayed. This will also have a negative economic impact to the local community.
- Coast has not received apportionment payments in July or August; September remains to be seen. The cost to Coast is \$8 - \$10 million a month. Loss of interest payments is also a cost factor. The District has a line of credit with the County of Orange; which, if funds are borrowed, means payment of interest, as well, creating additional expenses to Coast.
- On a side note, **Ding-Jo Currie** announced that the use of purchasing standards will be implemented for Maintenance & Operations and Information Technology departments. Purchasing the same products in bulk will help save significant money. **Dr. Currie** further noted that District Purchasing Manager **John Eriksen** has proposed leveraging purchasing power with other districts in the future.

## FACULTY OBLIGATION NUMBER

### Discussion:

- The Faculty Obligation Number (FON) was derived as a result of AB 1725, a historical bill in California that guarantees full-time faculty teaching in the classroom. There is a mandatory FON that is determined for each academic year. Failure to meet FON results in a loss of \$64,793 for each full-time faculty member below the required FON.
- For 2010, the FON is 412.4. Coast's FON for 2010 will be at 427 or 428. The FON can change based on funding and the District needs to be prepared that the FON could rise. **Dean Mancina** expressed concern if the FON rises for fall 2011, faculty hiring would need to occur this year. He also noted that most faculty leaders believe the FON is set at a very low value.
- If funds of \$600,000 become available from the state through removal of negative COLA, **Ding-Jo Currie** made a commitment to recommend those funds for full-time faculty.
- **Ding-Jo Currie** noted that **Deb Hirsh** will work to enhance professional development opportunities for faculty in an effort to help faculty become further inspired and fully engaged in the life of the college community.
- The 75/25 ratio represents a goal to have 75 percent of classroom teaching performed by full-time faculty; 25 percent by part-time faculty. Coast's ratio is better than the state average.
- **Ding-Jo Currie** expressed her goal that the educational master plan will drive all components, including staffing. Any positions vacated through the ENDS program and deemed critical for replacement must be budgeted from existing budget allocations and not from any new funding.

## 2010-2011 BUDGET ASSUMPTIONS

### Discussion:

- **C.M. Brahmhatt** distributed and reviewed a handout on the adopted budget, highlighting:
  - Increase in cost of health benefits per employee from \$12,800 last year to \$14,300 this year
  - 0.75 percent salary increase for faculty
  - \$1.2 million to protect categorical positions
  - \$550,000 for Board election to be paid out of ending balance
  - Budget balanced without any one-time funds

- Funds from auxiliary sources (Foundations, Associated Student Bodies, and Enterprise) will stay at the campuses and not come to the District
- ENDS Program plus vacancies removed from the budget
- Demographics identifying employee positions at each site will be presented to the Board of Trustees as part of the budget picture, including funding designated to hire in the future.
- Any new funding will be brought to the Board for review
- Ending balance is \$19.7 million (\$15.2 million from District ending balance plus \$4.5 million saved from four sites). This is the fourth year in a row that the ending balance has decreased; it is expected to decrease again next year, possibly to \$16-\$17 million.
- **Ding-Jo Currie** expressed appreciation to the campuses and District site for cutting back on expenditures in 2009-2010, resulting in \$4.5 million one-time ending balance money to be used in 2010-2011. She asked Cabinet members to be mindful of expenditures, and to take this message to campus Planning and Budget Committees.

## **RETIREE HEALTH BENEFIT REPORT**

### **Discussion:**

- **Ding-Jo Currie** advised the District plans to mitigate the Retiree Health Benefit Service Liability in ten years, or sooner if possible. Once liability is mitigated, more funding will be available for the ongoing general fund. Mitigation of the Retiree Health Benefit Service Liability is a consideration during the accreditation review process.
- Recommendations to Board of Trustees to address past service liabilities of \$90.4 million for the Retiree Health Benefit include:
  - Continue contribution of \$1.2 million savings from KOCE
  - Continue \$480,000 contribution from land development (Connell Chevrolet)
  - Continue to accumulate earnings in the account
  - Redirect KOCE note repayment of \$500,000 beginning 2011-2012 or anytime the financial position stabilizes for the District
- Recommendation to Board of Trustees to address active employees' liabilities (ARC) of \$3.6 million on a yearly basis:
  - Continue two percent of contract salaries towards ARC
  - Continue contribution up to \$1 million from ending balance over and above designated reserve for contingency
- Deposit \$12.5 million currently available at County Treasury immediately into irrevocable trust to minimize the annual required contribution.
- All contributions collected for 2010-2011 will be held and deposited in the irrevocable trust after adoption of the final budget for 2011-2012.

## **OTHER**

### **Action:**

Upon consensus from DBAC members in response to an inquiry by **Ding-Jo Currie** about offering a "Budget 101" presentation similar to that delivered to this Committee last year, it was agreed that a presentation would be beneficial and will be open to all staff at the next DBAC meeting. The presentation will also be made available on the District website.

### **NEXT MEETING DATE:**

It was agreed that the next DBAC meeting would be held on **October 14, 2010, 3:00 – 5:00 p.m. in the District Board Room.**

The meeting adjourned at 10:33 a.m.

Recorded by Nancy Sprague