

Coast Community College District
District Budget Advisory Committee
October 16, 2009, 1:00 – 3:00 p.m.
Meeting Summary

The District Budget Advisory Committee Meeting was called to order by **Interim Chancellor Currie** at 1:03 p.m. in the District Board Room. Committee members in attendance were:

1. Cheryl Babler, Acting Vice President, Administrative Services, CCC
2. C.M. Brahmhatt, Vice Chancellor, Administrative Services, District
3. Wes Bryan, President, Golden West College, GWC
4. Susana Castellanos-Gaona, Classified Representative, GWC
5. Ding-Jo Currie, Interim Chancellor, District
6. Rodney Foster, Faculty Representative, OCC
7. Raine Hambly, Classified Representative, District
8. Helen Hawthorne, Student Representative, OCC
9. Janet Houlihan, Vice President, Administrative Services, GWC
10. Nancy Jones, Academic Senate Representative, CCC
11. Judi Lagerlof, Classified Representative, OCC
12. Dean Mancina, CFE Representative, OCC
13. Michael Mandelkern, CDMA Representative, OCC
14. Kevin McElroy, Acting President, CCC
15. Rich Pagel, Vice President, Administrative Services, OCC
16. Norma Pollaro, Confidentials Representative, GWC
17. Jack Price, Coast CCA Representative
18. Diane Restelli, Academic Senate Representative and Faculty Representative, GWC
19. Cheryl Stewart, Faculty Representative, CCC
20. Jeff Weaver *representing Amir Shakoorian*, Student Representative, GWC
21. Denise Whittaker, Interim President, OCC
22. Danny Wojciechowski, CFCE Designee Representative, CCC
23. Linda York, Faculty Representative, GWC

2009-2010 Budget Update

Interim Chancellor Currie welcomed committee and audience members to the meeting and asked **Vice Chancellor Brahmhatt** to provide an update on the current 2009-2010 budget. **Mr. Brahmhatt** explained that the state of California has experienced a \$2 billion shortfall in the first quarter of the fiscal year and the unemployment rate is 12.2 percent. At the District level, we had a smaller ending balance to start the current year and the stimulus funds, which will be significantly reduced from what was expected at the time the District's adopted budget was approved, will be part of the general fund monies, thereby impacting our ratio of the 50 percent law. Another factor for consideration is the potential for mid-year budget cuts from Sacramento. At this time, state officials have indicated there will be no mid-year

budget cuts, since that would make community colleges ineligible to qualify for the federal stimulus package. However, mid-year budget cuts that are not stipulated now will be included in the 2010-2011 budget. It is expected that the Governor will release mid-year budget information during the second week of January 2010. Included as part of the Board of Governors' Budget Change Proposal (BCP) priorities submitted to the Governor are: (1) backfill monies for all categorical programs, (2) a Cost of Living Adjustment (COLA), which has not been received for the last two years, resulting in a ten percent loss of purchasing power, and (3) access/growth monies. **Mr. Brahmbhatt** noted that the EOPS, DSPS, and Matriculation areas have been hit particularly hard, and there is no guarantee for any new money, nor will there be stimulus funds available in 2010-2011. **Dr. Currie** emphasized the need for all District and campus departments to conserve as much as possible to prepare for mid-year budget cuts or 2010/2011 budget reductions.

FTES Reports

Mr. Brahmbhatt distributed a handout comparing credit FTES for the following categories: 2008-2009 Annual Actual, 2009-2010 Target, and 2010-2011 Target. At the end of 2008-2009, the District had 1,530 unfunded FTES, representing approximately four percent of total FTES, which means that the District served 15,300 students without getting paid, costing the District \$1.8 million. For 2009-2010, the state reduced the FTES base by 3.59 percent. Continuing business as usual would cost the District approximately \$3 million. Instead, the District reduced summer offerings and suspended intersession classes, with minimum reductions for fall and spring semester courses. With these adjustments, approximately 1,400-1,500 unfunded FTES are expected for 2009-2010. Keeping in mind that there will be no new growth money or COLA, as well as additional expenses for 2010-2011, **Mr. Brahmbhatt** asked Committee members to think about what kind of FTES alignment should be considered now in preparation for 2010-2011. From a historical perspective, **Mr. Brahmbhatt** reported that the District has been able to use growth money to cover the cost of unfunded FTES; now that is not available and we are spending our own money. In response to an inquiry by **Nancy Jones**, **Mr. Brahmbhatt** agreed to prepare a comparison of course sections from spring to spring and fall to fall to help in determining recommendations. There was consensus that this is a complex planning process with many factors to take into consideration. **Dean Mancina** expressed concern that Sacramento may interpret our ability to teach more students with less funding as an indication that community colleges have been overfunded in the past. **Dr. Currie** replied that the District's approach has been student-centered, with political implications as a secondary consideration. She noted that the District has been careful to contain the message about unfunded FTES internally, and underscored the importance of how the budget message is transmitted to legislators and the community. When meeting with legislators, the District conveys the message that faculty and staff have stretched as far as they can, and students are coming to us in tears because they are unable to get into classes. At the statewide level, there will be a strong advocacy effort in the spring to urge legislators to make changes for 2010-2011. **Wes Bryan** proposed the concept of a statewide ballot initiative that would allow community colleges to retain the income on unfunded FTES. **Dr. Currie** stated she may propose the idea to **Assembly**

Member Jim Silva, who recently offered his services on behalf of community colleges during a recent legislative visit. **Mr. Mancina** also asked that a decision be made very soon about offering summer 2010 classes, so students can have as much notice as possible.

Categorical Program Cuts

Reviewing a handout pertaining to categorical programs, **Mr. Brahmhatt** highlighted the following guidelines that have been given to categorical program leaders: all programs will face a significant reduction in the 2010-2011 allocation onward; all programs need to absorb budget cuts for 2010-2011; non-sustainable positions need to be identified; reduce/eliminate all hourly employees for remainder of the year; no hiring in 2009-2010 or 2010-2011; stop all purchases immediately; review state and federal mandate and match requirements; consolidate program offerings; 2009-2010 allocation must be preserved as much as possible – must spend stimulus package dollars first, state allocation second, then District backfill dollars; any unspent state allocation will be available in 2010-2011; all conferences to be eliminated immediately; and all guidelines related to general funds will also apply to all categorical programs until further notice. **Dr. Currie** informed that categorical program staff are already meeting to discuss how they can continue to serve students, but in a different way.

2010-2011 Budget Planning

(Shortfall Projections; Shortfall Mitigation; Revenue Sources; Long-Term Planning, 2011-2012 and Beyond)

Mr. Brahmhatt distributed a handout reflecting the budget shortfall forecast for 2010-2011, 2011-2012, and 2012-2013, as of August 10, 2009. An updated version will be available for the next meeting. He identified a few changes to the 2010-2011 figures, such as removal of the STRS estimated mandatory rate increase since implementation requires legislative action, and a higher adjustment for the PERS rate increase, which is projected to rise to more than 13 percent over the next three years from the current 9.07 percent rate. Additionally, the District will pay a salary increase of \$450,000 per year for the classified employees “Me Too” arbitration award. **Dr. Currie** solicited ideas to mitigate the projected cumulative shortfalls, which range from approximately \$10.5 million in 2010-2011 to \$38 million in 2012-2013. She advised that she has asked each of the college presidents to look for cuts in this year’s budget and to look for other revenue sources, such as ancillary or foundation funds. One-time funding sources could help manage these challenging times until the budget situation turns around at some point in the future. Some cost-saving measures implemented to date include the hiring slowdown, travel cuts, and transfer of \$1 million from the \$3 million GASB retirement fund. The unions have been asked to return to the negotiation table to consider trigger points for changes to salary and benefits. **Rich Pagel** asked if the list of cost-cutting measures identified last summer by the Committee could be reconsidered, and **Dr. Currie** replied that she would bring those ideas back to the Committee. **Nancy Jones** inquired about the savings incurred when the District implemented a four-day summer work week schedule in the past, and was informed that utility savings were significant. **Denise Whittaker** offered that consideration be given to the savings that would be incurred if summer classes were not offered, and reported

that her campus is making plans for several scenarios. **Dr. Currie** asked for feedback as to the level of pain felt at the campuses as a result of cuts to date, and whether they felt they could tolerate more cuts. **Rodney Foster** commented that the cuts ultimately hurt the students but, if needed, faculty could teach fewer courses. **Mr. Pagel** stated that service levels would have to be rolled back. He also indicated that there is only nine percent of the budget that can be explored for cuts, as 91 percent of the budget is spent on salary and benefits. **Mr. McElroy** expressed his opinion that we are not yet at the same pain level experienced in 2003 where maintenance was postponed and staff had to work without supplies. **Norma Pollaro** addressed the issue of morale and keeping staff informed about where and why money is spent and the funding sources used. **Dr. Currie** concurred that morale is very important and the District has had a practice of upholding our most valued resource, our people. She offered her opinion that it is particularly important to invest in people when times are difficult to create a strong, healthy environment. Managers are especially challenged in tough economic times as there are typically more issues to handle.

Citing the need to meet more frequently to plan for summer 2010 classes and the 2010-2011 budget, committee members scheduled the next meeting for **October 30, 3:00 – 5:00 p.m. in the District Board Room.**

The meeting adjourned at 3:15 p.m.

Recorded by Nancy Sprague