

Coast Community College District
District Budget Advisory Committee
October 30, 2009, 3:00 – 5:00 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. Raine Hambly, Classified Representative, District
7. Helen Hawthorne, Student Representative, OCC
8. Janet Houlihan, Vice President, Administrative Services, GWC
9. Nancy Jones, Academic Senate Representative, CCC
10. Judi Lagerlof, Classified Representative, OCC
11. Dean Mancina, CFE Representative
12. Michael Mandelkern, CDMA Representative
13. Kevin McElroy, Acting President, CCC
14. Ann Nicholson, CFCE Designee Representative
15. Rich Pagel, Vice President, Administrative Services, OCC
16. Norma Pollaro, Confidentials Representative
17. Diane Restelli, Academic Senate Representative, GWC
18. Cheryl Stewart, Faculty Representative, CCC
19. Denise Whittaker, Interim President, OCC

Dr. Currie welcomed committee and audience members to the meeting.

Statewide CBO Meeting Information Update

Dr. Currie invited **Mr. Brahmhatt** to share the message delivered by representatives of the State Chancellor's Office at the recent Chief Business Officers' statewide conference. **Mr. Brahmhatt** reported that new money will not be available for the next three years. In 2010-2011, the community college system may lose more than has already been lost in 2009-2010, and years 2011-2012 and 2012-2013 may be flat. The rationale offered by the System Office for these projections is three-fold.

1. First quarter figures for 2009-2010 are down by \$1.1 billion and the state is now looking at \$10-\$12 billion in order to balance the budget. This figure inflates to a \$20 billion deficit for 2010-2011 when factoring in projected lawsuits from various agencies in the amount of \$4-\$5 billion. A mid-year budget cut is not expected for 2009-2010, however, some kind of 18-month combination budget is anticipated that places a greater impact on 2010-2011, although it is unknown yet how severe it will be. The Governor's budget is due by January 15, 2010, at which time more information will be available.
2. Without new growth money, there was discussion at the state level about how to manage course schedules in the future. There is some expectation that the following may occur:
 - a. Open-entry and open-exit classes may be removed throughout the system

- b. Reduction of recreational class offerings to balance the schedule
 - c. Possible reduction/limit of athletic offerings for 2010-2011
 - d. Proportional balancing of courses.
3. If the property tax shortfall exceeds the projected shortfall that was determined at the time the budget was adopted, there will be no backfill monies. It may be that the state will reduce workload measures even further than the 3.59% already mandated. If that occurs, though, it will not occur until May or June, in which case it will be too late to make any adjustment as classes will be completed, necessitating the use of reserve funds. Every district has more students than their base FTES allocation; the student demand is there.

Mr. Pagel inquired about the Board of Governors' anticipated exemption to adhere to the requirements of the 50% law. **Mr. Brahmhatt** stated that the exemption will not be a blanket exemption and explained that districts filing for the hardship component will be required to hold a public hearing, submit an application from the Board of Trustees, and obtain Board of Governors' approval in a public forum. **Mr. Brahmhatt** informed that there are three main reasons why so many districts are having difficulty meeting the 50% law requirements.

1. Significant cuts are necessary to balance the budget.
2. Funds from the stimulus package were originally thought to be federal funds, in which case they would be utilized to support categorical programs and not be part of general purpose funds. However, that is not the case and stimulus funds are general purpose funds.
3. Local decisions effect the management of business operations. For example, at Coast, the decision was made to avoid layoffs and to spend \$2.5 million from the general fund to backfill statewide cuts to categorical programs. Anticipating even greater cuts to categorical programs next year, **Mr. Brahmhatt** noted that there are no clear guidelines or leadership from the state as to how categorical programs can be sustained under these conditions.
4. Additionally, **Mr. Brahmhatt** added a fourth reason why Coast is challenged to meet the 50% law requirement. As a result of the recent "Me Too" arbitration award, the District will spend \$750,000.00 in the current year for classified employee expenses, which is part of the denominator used to calculate the 50% law requirements.

Mr. Brahmhatt said the only districts that are not having a problem meeting the 50% law requirements are those who chose not to support categorical programs from their general funds.

In summary, **Mr. Brahmhatt** indicated that the message from the state is to serve students through course offerings that will meet the state's needs to improve the economy.

Update on Budget Projections

Dr. Currie introduced an updated handout entitled, "Budget Shortfall Forecast for Future Years as of 10/29/09," and asked **Mr. Brahmhatt** to review the data with the Committee. On a per year basis, the District's budget shortfall for 2010-2011 is expected to be \$10,656.688; for 2011-2012, \$13,144.688; and for 2012-2013, \$15,632.688. These shortfalls include an estimated mandatory PERS increase of 1.59

percent, 3.19 percent, and 4.79 percent respectively for the next three years; estimates for 2010-11 will be finalized in May 2010. The projected shortfall for STRS was removed because that information is not available yet. Also included in the shortfall projection is \$1.5 million per year for the next three years in order to support categorical programs at a minimal level without lay off to contract employees. The District's baseline obligations for the next three years (salary increase, health benefits, and step and column increases) will cost \$2,650,000, \$4,450,000, and \$6,250,000. The bottom line is that the District is expected to face the following cumulative shortfalls: \$10,656,688 in 2010-2011; \$23,801,376 in 2011-2012; and \$39,434,064 in 2012-2013.

These projections make the following assumptions: there will be no COLA or growth money for the next three years; the faculty contract will expire June 2011 and the classified and part-time faculty contracts will expire June 2010, yet the health benefits and automatic step and column increases will continue in future years; and the District will backfill categorical contract programs up to \$1.5 million per year to protect contract employees' jobs and the services they provide. Not included in these projections are increased costs, such as utilities, which are expected to rise by \$200,000 next year.

Mr. Brahmhatt reported that leadership staff in each categorical program has been advised to communicate their departmental budget with students so they are aware of what is happening. Categorical staff has been advised that the stimulus funds and District one-time funding from 2009-2010 will not be available in future years. They have also been asked to identify positions that will and will not be sustainable in 2010-2011 so there is knowledge as to how many positions can be retained with the \$1.5 million backfill dollars from the District. The campuses have been asked to work together to determine what categorical programs and services are sustainable for future years and to provide common services throughout all three colleges. **Dr. Currie** indicated that she would like to see another assessment of categorical programs in January 2010 to determine if the District's backfill funding can be reduced.

Based on discussion from the previous meeting about whether or not to offer summer 2010 classes, **Dr. Currie** invited feedback from Committee members. **Mr. Brahmhatt** distributed a handout reflecting credit FTES for 2007-2008, 2008-2009, and available figures for 2009-2010, which indicate increased productivity despite reduced section offerings. Summer courses have proven to be very productive. The figures represent a clear indication that the colleges are managing their money and sections more effectively. Unfunded FTES in 2008-2009 were 1500; in 2009-2010 unfunded FTES of 1,000-1,200 are expected. **Mr. Pagel** stated that the consensus at Orange Coast College is to have some form of summer school in 2010. He discussed a handout entitled, "Orange Coast College Summer School / Summer 2010 Task Force" that identified recommendations from faculty, staff and students to serve a target student population in summer and utilize cost-containment measures. **Mr. Bryan** advised that the Golden West College Planning Team concluded it would be too harmful to students if summer 2010 courses were not offered, and they are considering offering mainly transfer courses and some career and technical education classes. **Mr. McElroy** informed that Coastline plans to repeat last summer course offerings, which had been cut by half and were very efficient. **Dr. Babler** announced that the majority of local colleges do plan to offer summer courses and expressed concern that our schools may lose those students permanently if we do not offer summer school. **Mr. Mancina**

expressed concern that offering summer courses may necessitate adjustments to fall and spring core classes. **Dr. Currie** noted that Coast would not sacrifice fall and spring classes for summer offerings; however, there are so many unknown factors currently that it may be prudent to plan to offer half of the previous summer offerings.

Mitigation Measures for 2010-2011

Dr. Currie distributed and discussed a list of cost-saving measures previously proposed by Committee members, which was updated to strike out those measures that were negotiable items. **Dr. Currie** asked the Committee, particularly union representatives, to review the list and identify negotiable items that may have been inadvertently overlooked. **Mr. Mancina** requested that the seventh item on the list, "Initiate a Retirement Incentive to Lessen Higher Paid Salaries," be stricken from consideration as it is a negotiable item. **Ms. Nicholson** requested that the 15th item on the list, "Close Campuses Down on Fridays to Save on Utility Costs," also be removed from consideration as it is a negotiable item.

Dr. Currie shared her concern about reducing the District's reserve funds any more than the \$5.8 million applied to the budget deficit in 2009-2010, but expressed openness to hear from the Committee. Currently, the reserve balance is \$13 million. The big question is where we will find the money we need. **Mr. Pagel** suggested we may want to consider freezing non-instructional purchases and increase the campus ending balance. Another consideration may be to seek assistance from the college foundations, ancillary and student funds. **Mr. Bryan** stated that the Golden West College Foundation doubled their contribution to the GWC "wish list" from \$20,000 to \$40,000, even though the foundation mission is to offer student scholarships. Based on the relationships between the foundations and colleges, **Dr. Currie** noted that among all public constituents, the foundations will most likely be sympathetic to the colleges. **Ms. Houlihan** recommended switching some classes into community services classes, utilizing those funds back to the campus. College staff members are considering creative ideas to generate revenue, including leasing antennas, a Pepsi contract, etc. **Ms. Jones** noted that **California Community Colleges Career and Technical Education Dean Ron Selge** indicated placing more emphasis on international students. **Mr. Mancina** offered consideration of a hiring freeze. **Ms. Nicholson** suggested allowing staff to voluntarily take time off during the summer. **Mr. Brahmhatt** cautioned that the implementation of cost-saving measures should be considered for three years to be most effective. Continually returning year after year to staff for additional cost-saving measures may affect staff morale. **Dr. Currie** advised that District staff will compute the cost savings associated with these suggestions, and asked Committee members to forward any additional ideas to her.

The next District Budget Advisory Committee meeting was scheduled for **November 23, 2009, 3:00-5:00 p.m., in the District Board Room.**

The meeting adjourned at 5:06 p.m.