

COAST COMMUNITY COLLEGE DISTRICT

District Budget Advisory Committee Meeting Summary

December 2, 2010

CALL TO ORDER

Chancellor Ding-Jo Currie called the meeting to order at 3:07 p.m. in the District Board Room and welcomed **Vice Chancellor of Finance and Administrative Services Andy Dunn** to his first official District Budget Advisory Committee meeting. Committee members introduced themselves and welcomed **Mr. Dunn**. **Dr. Currie** explained that **Mr. Dunn** would give a presentation that integrates all agenda items, followed by a question and answer/discussion session.

Committee Members Present:

1. Lori Adrian, President, CCC
2. Wes Bryan, President, GWC
3. Ding-Jo Currie, Chancellor, District
4. Andy Dunn, Vice Chancellor, Administrative Services, District
5. Raine Hambly, Classified Representative, District
6. Dennis Harkins, President, OCC
7. Ann Holliday, CFE Representative
8. Janet Houlihan, Vice President, Administrative Services, GWC
9. Nancy Jones, Academic Senate Representative, CCC
10. Michael Knotts, Student Representative, GWC
11. Theresa Lavarini, Academic Senate Representative, GWC
12. Michael Mandelkern, CDMA Representative
13. Vesna Marcina, Academic Senate Representative, OCC
14. Christine Nguyen, Acting Vice President, Administrative Services, CCC
15. Robyn O'Connor, Faculty Representative, OCC
16. Norma Pollaro, Confidential Representative
17. Barbara Price, CCA Representative
18. Cheryl Stewart, Faculty Representative, CCC
19. Danny Wojciechowski, CFCE Representative
20. Linda York, Faculty Representative, GWC

Committee Members Absent:

1. Minal Ajbani, Classified Representative, CCC
2. Susana Castellanos-Gaona, Classified Representative, GWC
3. Lee Fuller, Student Representative, CCC
4. Helen Hawthorne, Student Representative, OCC
5. Judi Lagerlof, Classified Representative, OCC
6. Dean Mancina, CFE Representative (represented by Ann Holliday)
7. Rich Pagel, Vice President, Administrative Services, OCC
8. Jack Price, CCA Representative (represented by Barbara Price)

State Budget Update

District Budget Overview

Budget Calendar 2011-2012

Discussion:

- **Andy Dunn** announced that there have been several major changes to the state budget over the last six months. He distributed a budget update dated November 10, 2010 from Community College League of California President **Scott Lay**, and a budget memo dated November 12, 2010 from System Office Vice Chancellor of Finance **Erik Skinner**. Both handouts reflected on the five-year budget forecast released from the Legislative Analyst's Office, which projects a \$6

billion deficit in the current year and a \$19 billion budget-year deficit. The key message of both handouts was that funding for community colleges is likely to drop by \$230-\$255 million next year, in a best-case scenario.

- **Governor Schwarzenegger** will convene a special session of the legislature on December 6 when newly elected legislators are seated. **Governor-Elect Brown** will be seated in office early January and will release his 2011 budget proposal mid-January.
- **Andy Dunn** reviewed and discussed his budget presentation, which will be posted on the District's website:
 - The District's 2010-2011 adopted budget contained additional costs for pension contributions, health benefits, and step-and-column increases, resulting in a cumulative deficit of \$3 million for 2011-2012 and \$9.9 million for 2012-2013.
 - Between September and November 2010, COLA went from negative 0.38 to zero, and growth went from zero to 2.21 percent. It is expected that growth will be reduced in a mid-year correction.
 - For 2011-2012, Coast's internal operating deficit of \$3 million plus likely state budget cuts of \$7 million will result in a \$10 million deficit. Mitigating this deficit will not be possible by reductions to the ten percent of general funds spent on non-negotiable items only; the remaining 90 percent of general funds spent on negotiable items (salary and benefits) will need to be considered.
 - The District's beginning balance has been trending downward for the last few years as a result of increased expenses and reduced revenue. Costs of the current health benefit plan are not sustainable. Salary and benefits currently comprise 90 percent of the District general fund; 80-85 percent is more typical.
 - Budgetary risks facing Coast include: revenue "claw back;" mid-year budget reopener; overly optimistic state budget assumptions; sunset of temporary taxes signed into law in February 2009; persistent underlying structural imbalance at the state level; and imposition of additional deferrals (\$150 million in 2001-2002; \$832 million in current year).
 - Multi-year budget projections will be re-examined after critical junctures, including the January budget proposal; May Revise, tentative budget, adopted budget, and other major occurrences such as mid-year and re-opening proposals.
- **Barbara Price** reiterated her assertion from previous meetings that the District cannot afford the cost of General Counsel services and asked the Chancellor to eliminate the General Counsel. She expressed her opinion that necessary classes have been eliminated and more teachers are needed. **Ding-Jo Currie** noted that workload measures have been reduced and all departments, including non-instructional areas that indirectly serve students, are doing more with less. She added that administration and management are taking every possible measure to reduce costs in areas in which they have control, or that don't require negotiations. With regard to legal costs, **Ding-Jo Currie** informed that District Risk Services reviews and monitors all legal expenses except the General Counsel. With regard to **Dr. Price's** question about eliminating the General Counsel, the use of General Counsel services is outlined in Board policy established in December 2008.
- **Vesna Marcina** expressed concern about the District incurring the entire expense of Townsend lobbying services, per Board approval on December 2, since it appears lobbying efforts will benefit the entire community college system. **Vesna Marcina** and **Theresa Lavarini** moved to request a report breaking down costs for: 1) General Counsel legal fees, 2) lobbying services, and 3) Vision 2020 facilitated planning meetings.
- **Nancy Jones** sought reassurance that the colleges would not be asked to implement mid-year budget cuts, and encouraged **Mr. Dunn** to listen to input from this Advisory Committee and, if input is not utilized, to explain why. **Andy Dunn** explained that the previous expectation was that negative COLA would provide \$600,000, which is no longer the case, and the fiscal picture has changed from when those assurances were given. **Ding-Jo Currie** shared that, depending on cuts from the state, this will require discussion.

- **Ding-Jo Currie** informed that budget mitigation solutions are needed between now and May, when the 2011-2012 tentative budget is locked down. In response to an inquiry on how other districts are managing to hire full-time faculty, **Ding-Jo Currie** and **Andy Dunn** responded that many districts have implemented lay-offs, benefit changes, reduction in staff, furloughs, and decisions to incur no unfunded FTES. Institutionally, Coast has attempted to seek healthy, long-term solutions avoiding layoff, salary reductions, etc.
- **Ding-Jo Currie** cautioned the Committee to use their energy to resolving problems together, and not work against each other. As leaders who chair meetings, **Ding-Jo Currie** asked the members of DBAC to remind people of what is important as times get harder. It takes time to build an institutional culture of collaboration, but it can be dissolved overnight when crisis hits and infighting starts.

Action:

- As requested, **Ding-Jo Currie** will bring back a report on the cost breakdown for: 1) General Counsel legal fees, 2) lobbying services, and 3) Vision 2020 facilitator.
- **Andy Dunn** will expand breakdowns on future spreadsheets, as requested, to distinguish managers and classified staff within non-certificated categories, and to breakdown managers into classified and certification categories, identifying general fund and categorical funding sources.
- The Governor's mid-January budget proposal information will be forwarded to DBAC members.

NEXT MEETING DATE:

It was agreed that the next meeting would be held on February 3, 2011, 3:00 – 5:00 p.m. in the District Board Room.

The meeting adjourned at 5:05 p.m.

Recorded by Nancy Sprague