

Coast Community College District
District Budget Advisory Committee
February 19, 2010, 3:00 – 5:00 p.m.
Meeting Summary

The District Budget Advisory Committee (DBAC) Meeting was called to order by **Dr. Currie** at 3:03 p.m. in the District Board Room.

Committee Members Present:

1. Minal Ajbani, Classified Representative, CCC
2. Eduardo Arismendi-Pardi, Faculty Representative, OCC
3. C.M. Brahmhatt, Vice Chancellor, Administrative Services, District
4. Marilyn Brock, Interim President, Coastline Community College
5. Susana Castellanos-Gaona, Classified Representative, GWC
6. Ding-Jo Currie, Chancellor, District
7. Dennis Harkins, President, Orange Coast College
8. Helen Hawthorne, Student Representative, OCC
9. Janet Houlihan, Vice President, Administrative Services, GWC
10. Nancy Jones, Faculty Representative, CCC
11. Judi Lagerlof, Classified Representative, OCC
12. Dean Mancina, CFE Representative
13. Michael Mandelkern, CDMA Representative
14. Kevin McElroy, Vice President, Administrative Services, CCC
15. Lois Miller representing Wes Bryan, President, Golden West College, GWC
16. Rich Pagel, Vice President, Administrative Services, OCC
17. Norma Pollaro, Confidentials Representative
18. Jack Price, CCA Representative
19. Diane Restelli, Academic Senate Representative, GWC
20. Cheryl Stewart, Faculty Representative, CCC
21. Danny Wojciechowski, CFCE Representative

Committee Members Absent:

1. Rodney Foster, Faculty Representative, OCC
2. Lee Fuller, Student Representative, CCC
3. Raine Hambly, Classified Representative, District
4. Amir Shakoorian, Student Representative, GWC
5. Linda York, Faculty Representative, GWC

Dr. Currie welcomed Committee members and prefaced the meeting by quoting **League President Scott Lay** from today's budget release, "*Further, there is a significant possibility that deeper budget cuts to our enrollment and categorical programs will occur if the governor's request for nearly \$8 billion in federal funds does not materialize.*" **Mr. Brahmhatt** added that the state will need to find an additional \$4-5 billion of budget solutions for 2010-2011, which will have an impact on education.

Budget Update – Revised Three Year Deficit Projections

Mr. Brahmhatt reviewed the handout entitled, "Budget Shortfall Forecast for Future Years as of 2/17/10," and described how the District's budget deficit for 2010-2011, 2011-2012, and 2012-2013 has grown since the previous version of this handout was distributed at the January 22nd DBAC meeting. At the beginning of this budget crisis, the District's deficit for 2010-2011 was \$10.6 million, climbing to a projected \$39 million in 2012-2013. Now, as a result of recent external factors, the District's deficit has

grown to \$11.3 million for 2010-2011, and is projected to be \$43.1 million in 2012-2013. One of mandatory factors enlarging the deficit for the next several years is an increased rate of .42 percent for Unemployment Insurance Contribution (UIC) effective July 1, from .3 percent (at a cost of \$368,000) to .72 percent (additional cost of \$515,000), which is a greater increase than anticipated. **Dr. Currie** brought attention to the Orange County Department of Education memo dated February 12 informing of the new UIC rate set by the Employment Development Department (EDD). **Mr. Brahmbhatt** added that it is unprecedented to have such high unemployment for such an extended period of time in California, and the EDD is asking agencies to pay more as a result of depleted funds. Other mandatory factors adding to the budget shortfall are increases to the PERS and STRS rates. The PERS rate should be confirmed in May, when the PERS Board of Directors approves the increase. The STRS Board does not have the authority to automatically increase the rate; rather, increases must go through the legislature, which makes it a lengthier process before they can initiate a rate increase. **Mr. Brahmbhatt** referenced the eight-page handout from the Teachers' Retirement Board Regular Meeting of February 5, outlining STRS Board strategies to fund the program. In response to an inquiry from **Dr. Jack Price** concerning the salary increase data identified on the budget shortfall handout, **Mr. Brahmbhatt** explained that there will be no salary increase for any employee group for the next three years, with the exception of the contractual obligation to CFE members and the "me too" arbitration award to CFCE members. **Mr. Brahmbhatt** answered **Mr. Mandelkern's** question concerning the negative .38 percent COLA by stating that, at this time, the District will not pass that cost on to any employee group.

ENDS Program Update

By the end of the February 16 deadline date, **Dr. Currie** reported that 110 employees submitted a letter of intent to leave the District, referring to the ENDS Program Tally Sheet that displays a breakdown by classification and site, including 51 faculty, 38 classified, 3 confidential, 5 educational managers, and 12 classified managers. Of the 110 employees, 94 staff are paid from the general fund and 16 are paid from ancillary funds. Sixteen employees have already submitted their irrevocable letter to leave the District, although that deadline extends to April 30. To facilitate planning, **Mr. Brahmbhatt** suggested the District consider sending a letter to those who submitted a letter of intent to seek their irrevocable letter prior to the deadline, if they are certain they will leave, assuring them that names will be kept confidential until April 30 to protect their confidentiality. **Mr. Mancina** stated his preference that a letter of that nature be sent through the bargaining units. In response to an inquiry by **Ms. Stewart**, there was a discussion concerning the District's compliance with the 50% law and strategies to stay on the "right" side of the law, particularly in light of the fact that 51 faculty have indicated their intent to leave the District. **Mr. Kelsey** expressed his concern about terminology, requesting the use of neutral language (instead of "right" and "wrong" side of the law). **Dr. Currie** thanked **Mr. Kelsey** for the reminder, acknowledging that words are very powerful and she would implement his suggestion. She reported that the District is not going to be able to comply with the 50% law for 2009-2010, and the District was moving toward applying for the Board of Governor's waiver that they approved in January. Factors that have skewed the District's compliance with the instruction/non-instruction ratio include the use of stimulus funds to preserve categorical programs and additional costs associated with the retroactive "me-too" arbitration award. **Mr. Brahmbhatt** informed that there will be an in-depth presentation about the 50% law at the March 17 Board study session. Discussion continued regarding recruitment and replacement of faculty who intend to leave the District. **Dr. Currie** noted that prioritization would have to be implemented as not all faculty and staff would be replaced, since the goal of the ENDS program is to help mitigate the budget crisis. Fiscal survival during these next couple of years must be the top priority, and then the focus can shift to rebuilding staff. However, she assured all Committee members that generation of FTES was the District's "bread and butter," and we would offer the maximum number of sections possible. **Dr. Currie** offered that colleges may want to re-examine priority lists after April 30, when names will be released of those who will leave the District, to determine priority in hiring within disciplines. In response to a question from **Ms. Jones** about the potential to fill some faculty positions on a short-term basis (one-year contracts), **Dr. Currie** offered the

opportunity for discussion on that subject at the appropriate time. However, she did provide one perspective recently shared with her that hiring pools are typically not as competitive in that scenario as compared to hiring pools for permanent faculty members.

Hiring Freeze Update

Dr. Currie distributed a hiring freeze update that reflected the number of positions hired since the hiring freeze was instituted at the December 2009 Board meeting. There have been six classified in-house hires, one faculty (temporary), and one external recruitment for a specialized, technical Seaport Programmer position that was sought after an in-house search proved unfruitful. **Dr. Currie** acknowledged the challenges of the hiring freeze, both on an emotional and operational level. She advised that she sent a joint letter with **CFCE President Nicholson** and **CFE President Mancina** to all District employees informing them of the promotional opportunities for internal transfers, and ask they consider signing on to the transfer list if opportunity for change and growth is desired.

Categorical Programs Status Update

Dr. Currie reported her charge to **Interim Associate Vice Chancellor of Educational Services John Breihan** to work with categorical staff to find new and different approaches to help students from the start of their matriculation process through completion, taking into consideration opportunities for consolidation at the District level for all three programs. Ideas may include one application for all three colleges and one assessment tool to save money without sacrificing the integrity of the process. **Mr. Brahmhatt** added that categorical staff have been given a deadline of March 12 to determine the staff positions that can no longer be sustained within the program. Every attempt will be made to transfer those with the applicable skill sets to vacant positions, as appropriate.

Budget Calendar

Mr. Brahmhatt reviewed the Budget Calendar handout for 2010-2011, noting that the tentative budget must be presented to the Board in June in order for funds to be spent as of the new fiscal year in July, and the adopted budget must be approved by September 15 to meet legal requirements. With those two exceptions, all other budget calendar items can be adjusted, and **Mr. Brahmhatt** invited input from the Committee members, who concurred with the recommended budget calendar.

Budget Deficit Mitigation Discussion

Dr. Currie distributed a hand-out entitled, "Budget Solutions for Future Years as of 2/17/10," noting that the District's budget shortfall for 2010-2011 is \$11.3 million. She reviewed the suggested list of possible solutions, including a freeze of \$2 million from the retiree health benefits contribution. Reduced class offerings in summer 2010 are expected to provide \$2 million, and the KOCE note repayment can add \$500,000. The salary savings from the ENDS program was estimated to be \$3 million. Implementation of recommended cost-saving measures in 2010-2011 project savings of \$1 million through a reduction of non-instructional hourly staff; \$150,000 in reduced reassigned time; \$530,000 through freezes to purchase orders and travel; and \$500,000 through elimination of unfunded FTES. ■ **Dr. Currie** recognized that staff members are stretched to the limit. While downsizing, workload and student needs are increasing. She expressed her concern about the impact to public education statewide and her dismay over the lack of press coverage. Although **Mr. Fuller** had a conflict with a legislative meeting and could not attend this Committee meeting, she acknowledged his leadership role in the students' efforts to bring attention to the crisis in education and offered she would relay updated information from **Mr. Fuller** about the student text-messaging campaign at the end of this meeting. **Mr. Kelsey** announced that the California Federation of Teachers, in coalition with K-12 educational institutions, parent support groups, Board members, and others, will participate in a march to garner attention to fully fund schools and social services, move the state's budget approval requirement from a 2/3 vote to a 50% majority, and support progressive taxes. The march will begin with a large rally in early March in Los Angeles, take a path through central California and arrive in Sacramento in late April. A core group will march the entire route; most will participate in segments.

Outreach will be provided by a consulting team, but **Mr. Kelsey** welcomed contacts, reporters, perhaps a student documentary, and other ideas to make this event an effective media piece. ■ Regarding the items identified under category “C, Negotiable Items” on the budget handout, **Dr. Currie** advised they were for information only and not for discussion. **Mr. Mancina** expressed his strong objection to the inclusion of negotiable items and accompanying dollar amounts in the budget-solution handout, stating his preference that these measures be considered through the negotiation process rather than at this Committee, which is a public forum. **Ms. Pollaro** shared her support for inclusion of this information in the handout so everyone is aware of factors that may be considered as part of the budget solution process. **Ms. Nicholson** addressed her concern that bargaining unit members who view the negotiable items and dollar amounts identified on the handout may consider the information as fact, as they would not have the benefit of hearing explanations from this meeting. **Dr. Currie** clarified again that the handout was an information item to share estimates and possible approaches to mitigate the budget deficit, and that other mitigation measures and solicitation of ideas were also included in the handout. **Dr. Currie** noted that a healthy ending balance may result in fewer cuts. **Dr. Currie** informed that she sought the guidance of the Board of Trustees’ Budget Committee regarding these possible budget mitigation solutions, and they supported sharing all of the listed items. **Mr. Mancina** asked **Dr. Currie** to convey the message to the Board of Trustees that CFE walked out of the DBAC meeting, and **Dr. Currie** agreed to do so. **Ms. Stewart** noted her participation in DBAC as a Senate representative, but acknowledged she also serves as a CFE Vice President and that discussion of negotiable items in a public forum constitutes negotiations, potentially affecting the outcome for all parties. **Mr. Brahmhatt** reiterated the Board’s position to avoid lay-offs. **Dr. Currie** stated her wish that CFE had stayed at the meeting. She added that the Board’s commitment to refrain from staff layoffs is an item that could have been negotiated, and conveyed her desire to openly dialogue in a transparent manner to find solutions to these unprecedented budget challenges. The items contained in the handout represent a starting point, and **Dr. Currie** repeated previous requests to save as much money as possible for the remainder of 2009-2010, in an effort to help with the 2010-2011 budget. **Dr. Currie** added that the \$11.3 million deficit will most likely grow larger, and the only mitigation measures that offer any flexibility will come from the District’s ending balance and the savings garnered from the ENDS program.

Other

In **Mr. Fuller’s** absence, and at his request, **Dr. Currie** read a statement from **Mr. Fuller** that advised that the District Student Council approved the Text Message Campaign and Rally, and has a goal to receive 1 million text messages between noon on March 12 through noon on March 19. The funding phase is currently underway, and **Mr. Fuller** expressed appreciation to CFE for their willingness to provide \$1,000 to support this event. **Mr. Fuller** further reminded the Cabinet that the students need their dedication and support to spread the word throughout constituent groups.

Board Budget Workshop/Study Session, March 17

The March 17 Board of Trustees’ Study Session will include a presentation about the 50% law. **Dr. Currie** invited Committee members to inform her or **Mr. Brahmhatt** of any additional issues they would like to see addressed during the presentation. **Mr. Brahmhatt** asked Committee members to consider volunteering to present components of the budget presentation, including comparison data among similar districts, FTES figures, budget assumptions, and related budget data.

The next District Budget Advisory Committee meeting was scheduled for **Friday, April 9, 3:00-5:00 p.m. in the District Board of Trustees’ Room.**

The meeting adjourned at 5:19 p.m.