

COAST COMMUNITY COLLEGE DISTRICT

District Budget Advisory Committee Meeting Summary

July 20, 2010

CALL TO ORDER

Chancellor Ding-Jo Currie called the meeting to order at 10:00 a.m. in the District Board Room. Acknowledgements were given to **Deborah Hirsh**, Vice Chancellor of Human Resources; **Lori Adrian**, President, Coastline Community College; as well as to **Kevin McElroy**, Vice President of Administrative Services at Coastline, who accepted a promotional opportunity at Foothill-DeAnza CCD and will depart later this month. Committee members introduced themselves and gave a warm welcome to new faces and a fond farewell to **Mr. McElroy**.

Committee Members Present:

1. Lori Adrian, President, CCC
2. Minal Ajbani, Classified Representative, CCC
3. C.M. Brahmbhatt, Vice Chancellor, Administrative Services, District
4. Wes Bryan, President, GWC
5. Susana Castellanos-Gaona, Classified Representative, GWC
6. Ding-Jo Currie, Chancellor, District
7. Raine Hambly, Classified Representative, District
8. Dennis Harkins, President, OCC
9. Helen Hawthorne, Student Representative, OCC
10. Janet Houlihan, Vice President, Administrative Services, GWC
11. Nancy Jones, Faculty Representative, CCC
12. Theresa Lavarini, Faculty Representative, GWC
13. Dean Mancina, CFE Representative
14. Vesna Marcina, Faculty Representative, OCC
15. Kevin McElroy, 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. Rodney Foster, Faculty Representative, OCC
2. Lee Fuller, Student Representative, CCC
3. Michael Knotts, Student Representative, GWC
4. Judi Lagerlof, Classified Representative, OCC
5. Michael Mandelkern, CDMA Representative

TENTATIVE BUDGET REVIEW

Discussion:

- **Ding-Jo Currie** announced good news that the District has met the requirement for the 50% law for 2009-10 and will not have to apply for hardship relief. **C.M. Brahmbhatt** thanked the campuses and acknowledged the Board of Trustees, Chancellor, and DBAC members for supporting the categorical programs and reducing spending from the general fund. **Wes Bryan** stated for the record that the state's distribution of categorical dollars away from the 50% calculation and into the general fund created a hardship not faced before. Although grateful for the money, campuses had to adjust how they spent funds.

- In response to **Jack Price's** inquiry about ending balance, **C.M. Brahmbhatt** informed that the 2009-10 ending balance will be approximately \$15 million, which includes the one-time gain from the ENDS Program. This ending balance is not expected to repeat for 2010-11.
- **C.M. Brahmbhatt** summarized the tentative budget handout presented at the June 23 Board meeting. The total shortfall forecast for 2010-11 is projected at \$13.897 million; budget solutions amount to \$13.8 million and include \$8.8 million from the ENDS Program.

2010-2013 PREVIEW

Discussion

- **C.M. Brahmbhatt** identified the budget shortfall forecast for 2011-12 as \$3.9 million, and for 2012-13 as \$7.9 million (cumulative \$11.9 million in 2012-13), as presented in the tentative budget presentation to Trustees on June 23. These projections include very conservative increases for STRS, which could be considerably greater. Currently, STRS is earning 12.3% return on assets, but needs 20% return for next five years to maintain the current employer rate. Legislation is required in order for STRS to raise the rate. PERS has already given a three-year rate increase estimate.
- **Ding-Jo Currie** advised that **State Chancellor Jack Scott** worked closely with **Senator Carol Liu** to revise language in SB 1143 that is helpful to community colleges. In essence, this bill would shift from enrollment-based funding to completion/performance-based funding, and appears to be headed for passage. Completion-based funding is already in place in other states. Passage would have implications to Proposition 98, and would pose significant challenges if existing stringent Ed Code regulations remain in place. **Ding-Jo Currie** noted that we need to be very engaged and strategic as to how we participate if the legislation is passed.
- **Ding-Jo Currie** invited **League President Scott Lay** to address SB 1143 and SB 1140 (regarding student transfer) at the Board's Study Session on August 4. The Board also plans to review results from two studies of the District's retiree health benefit fund, and information concerning faculty obligation studies.
- Technology needs pose a tremendous challenge as maintaining existing services and student demands currently requires \$3-5 million. **Ding-Jo Currie** challenged the four College and District IT Directors to come up with a joint plan to improve Coast CCD information technology.

RETIREE BENEFIT REPORT

Discussion:

- **C.M. Brahmbhatt** announced that the District has a contractual obligation to provide health benefits for faculty, classified, and management retirees with 10+ years of service who reach the age 55 or more.
- GASB 45 requires funding for current employees each year, and allows funding for past service liability to be contributed over a 30-year period. The District's plan was to fully fund the retiree benefit fund by 2022-23. Due to the fiscal crisis, the annual contribution to GASB has reduced from \$3 million to \$2 million for active employees.
- An actuarial study is performed every even-numbered year, and this year two studies were commissioned. It is hoped the results will be ready for review at the Board's Study Session on August 4.
- **C.M. Brahmbhatt** indicated the District's liability is expected to increase significantly, in part due to increased number of retired staff and greater per-employee health care cost.

BUDGET IMPLEMENTATION PLANS AND IMPACT

- **Ding-Jo Currie** conveyed her intention to communicate the importance of budget implementation implications and asked Committee members to offer ideas on how she can convey the message so all faculty, staff, and students can have a greater conceptual understanding of the budget picture. She also asked Committee members to relay information from DBAC to their constituents at their regular meetings.
- The 2010-2011 budget is one not experienced before, where change happens rapidly and mitigation measures evolve. In addition, the impact of \$8.8 million deficit in staffing is unprecedented. Understanding the budget and how it translates to real life can be challenging, and **Ding-Jo Currie** invited questions be addressed to her, **C.M. Brahmbhatt, Kim Allen, the Presidents or Vice Presidents of Administrative Services.**

- **Ding-Jo Currie** informed she is visiting other multi-college districts to gather new ideas on how others are organized and function.

SHORT- AND LONG-TERM STAFFING PLANS

Discussion:

- \$8.8 million of fiscal deficit has changed to \$8.8 million of unplanned and unstructured human deficit through implementation of the ENDS Program. Without new money, planning is important and a challenge. As a service institution, we are people-dependent and a human deficit is not a healthy long-term solution. For now, **Ding-Jo Currie** asks that staff live with the situation while long-term staffing solutions are sought.
- **C.M. Brahmbhatt** informed that the impact of the ENDS Program on each campus has been different. Original planning called for potential staff transfers from OCC to GWC to balance the manpower needs for critical positions. Due to unique campus needs, the transfer plans may not materialize in order to balance their budget.
- **Ding-Jo Currie** provided an example by informing that GWC must pay for nursing faculty from their available funds to comply with licensing requirements or else the program will be in jeopardy. Also, GWC has two vacant Vice President positions that will be detrimental if not filled. GWC cannot afford to transfer in staff.
- **Ding-Jo Currie** explained that the District does not expect massive staff transfers and management continues to look at how best to manage the situation fiscally. Every position creates a fiscal challenge for each site. Any hiring now will require new funding or long-term sacrifice of some other budget item to replace the position. This is a first glimpse of the budget implementation.
- **Ding-Jo Currie** asked the **Director of Public Affairs** to craft language for students and staff to explain the issues created by the human deficit, and for everyone to be more understanding as resolutions are explored.
- **Ding-Jo Currie** stated that this is the time to look at staffing plans for three-five-ten years from now. She hopes to integrate staffing plans into Vision 2020 master planning.
- **Dean Mancina** expressed support for a long-term faculty staffing plan, and that CFE is concerned that Coast's faculty obligation number is low. **C.M. Brahmbhatt** advised that the faculty obligation number is currently at 428, and one of the future challenges is to balance the budget while taking into consideration the 50% law, classroom needs, etc.
- **Deb Hirsh** advised she met with **Dean Mancina** and noted that faculty disciplines are unbalanced, which will create challenges for tenure review and selection committees.

RESOURCE DEVELOPMENT PLANS

- To build a stronger District and not rely entirely on state funding, **Ding-Jo Currie** informed of an initiative on the July 21 Board agenda to expand international programs through the use of other people's money (OPM). District partners will invest \$200,000 for international student recruitment and actualize our current capacity to generate additional revenue for all campuses and the District. The program will provide for a one-year period to coordinate planning.
- **Ding-Jo Currie** expressed her goal to build a stronger district and not develop short-term mitigation measures only. She hopes to see the California community college system become one of the strongest in the nation and espoused great respect for **System Chancellor Jack Scott**, noting she hopes he will help legislators to author additional legislation to benefit community colleges.

NEXT MEETING DATE:

It was agreed that the next meeting would be held on August 24, 2010, 9:00 a.m. – 11:00 a.m. in the District Board Room

The meeting adjourned at 12:02 p.m.

Recorded by Nancy Sprague