

COAST COMMUNITY COLLEGE DISTRICT
District Budget Advisory Committee Meeting Summary
District Board of Trustees' Room

March 22, 2012

CALL TO ORDER

Vice Chancellor of Finance and Administrative Services Andy Dunn called the meeting to order at 3:08 p.m. in the District Board Room, and informed that he would chair the meeting as Chancellor Jones was involved in Selection Committee interviews.

Committee members present were:

1. Lori Adrian, President, CCC
2. Paula Brady, Confidentials Representative, DIST
3. Wes Bryan, President, Golden West College, GWC
4. John Dunham, President, Coast CCA
5. Andrew Dunn, Vice Chancellor, Finance & Administrative Services, District
6. Dennis Harkins, President, OCC
7. Ann Holliday, representing CFE
8. Richard Kudlik, representing Vice President, Administrative Services, CCC
9. Minesh Lakhani, Classified Representative, District
10. Theresa Lavarini, Academic Senate Representative
11. Margaret Lovig, Academic Senate Representative, CCC
12. Vesna Marcina, Academic Senate Representative, OCC
13. Christine Nguyen, Vice President, Administrative Services, CCC
14. Ann Nicholson, CFCE Designee Representative, OCC
15. Robin O'Connor, Faculty Representative, OCC
16. Lucian Oprea, Student Representative, CCC
17. Rich Pagel, Vice President, Administrative Services, OCC
18. Vince Rodriguez, representing CDMA Representative
19. Helen Rothgeb, representing Vice President, Administrative Services, OCC
20. Cheryl Stewart, Faculty Representative, CCC
21. Josh Stone, Student Representative, OCC
22. Ha Tran, Classified Representative, CCC (replaced Minal Ajbani 8/11)

Committee Members Absent:

1. Susana Castellanos-Gaona, Classified Representative, GWC
2. Janet Houlihan, Vice President, Administrative Services, GWC
3. Andrew Jones, Chancellor, District
4. Judi Lagerlof, Classified Representative, OCC
5. Dean Mancina, CFE Representative, OCC, represented by Ann Holliday
6. Christine Nguyen, Vice President, Administrative Services, CCC, represented by Richard Kudlik
7. Joe Poshek, CDMA Representative, OCC, represented by Vince Rodriguez
8. Anh (Bella) Tran, Student Representative, GWC
9. Linda York, Faculty Representative, GWC

State Chancellor's Office Fiscal Self-Assessment Tool

DISCUSSION:

- **Andy Dunn** distributed the State Chancellor's Office Fiscal Self-Assessment Tool and informed that it had been presented recently to the Board of Trustees' Audit and Budget Committee. The tool was created in the mid 2000's by the State Chancellor's Office to serve as a retrospective framework for examining key areas of a previous fiscal year and to promote institutional

dialogue. It is not submitted to the State Chancellor's Office; however, it is one of the first items reviewed if a district is in financial trouble. It can also serve as evidence in college accreditation self-study reports.

- Some notable highlights of 2010-2011 fiscal self-assessment tool included:
 - Coast has experienced deficit spending but by design in order to blunt the effects of a prolonged budget downturn.
 - Ending Fund balance (EFB) is shrinking. From a high point of nearly \$29 million in 2007-2008, Coast might end 2011-2012 with a \$17-\$18 million EFB. Such balances allow districts to “buy time” in terms how they implement often difficult budget reductions.
 - Workload reduction was imposed on us; enrollment is trending downward
 - Had restoration of 2.2 percent and through aggressive enrollment management earned 2.6 percent by capturing funds from districts that were unable to earn restoration
 - Although 17-18 percent of state revenue is deferred from year to year, Coast has not had to engage in short term borrowing in recent years. The Community College League of California asked what would happen if 33 percent of revenue were to be deferred. Coast would then have to borrow money to meet its financial obligations. Coast also has an approved agreement with the Orange County Treasurer for short term borrowing which would negate the need to join a TRAN pool
 - The percentage of unrestricted general funds that are designated for salaries and benefits is an important marker in this fiscal tool. Coast has been trending near 90%.
 - Coast has robust mechanisms for budget monitoring, including the Board of Trustees, Board Audit and Budget Committee, and District Budget Advisory Committee
 - On March 7, 2012, the Board approved re-engaging an actuary to review retiree liability fund, which is done every two years. Report should be ready in summer 2012.
 - District leadership positions are filled, or in the process of being filled.
 - District liability is monitored routinely with communication between District Risk Services and District General Counsel

Revenue and Expense Ideas from January 26, 2012

Discussion:

- **Andy Dunn** distributed a draft list of cost-saving and revenue-generating ideas that were derived from an exercise undertaken at the January 26 DBAC meeting. To complete that exercise, the college budget and planning committees were asked to review the list and offer feedback, which was shared by college DBAC representatives.

Coastline:

- Focused on pros and cons of consolidation of functions. Since Coastline is very IT driven, they expressed hesitancy about consolidating IT for their initiatives, but thought it could work for some components. Expects consolidation to be one of the areas of greatest savings.
- Continue to reduce hourly and travel expenses
- Implementation of strategic class scheduling
- Without sufficient staff to generate an increase in international students, Coastline does not think this area would make a significant impact to them
- Consider possible relocation of ISD department to save costs; Coastline has no more parcels of land to develop
- Market to alumni
- Discussion about material fees provided information that fees are highly regulated and very prescriptive, and colleges are not permitted to make money on them
- Discussed, but dismissed, concept of establishing a separate venture (such as that currently being undertaken by Santa Monica CCD
- Accelerated remediation and degrees under review
- Considered, but dismissed, centralization of grant teams

Golden West:

- No report in Janet Houlihan's absence

Orange Coast

- Start charter college
- Start non-profit
- Reduce printing costs and consolidate copiers
- Consider public/private partnership to develop an international housing environment
- Consider an extended education program and contract training
- Discussion to offer Bachelor of Arts' degree
- Focus on remediation and reprioritization
- Consider student success center fee
- Participate in social enterprise – recycling center project

District Office

- Explore 4/10 schedule (bargaining item – change in working condition)
- Reduce health costs (negotiable item)
- Consolidate functions
- Implement best practices
- Each site given travel target
- Reduce step & column, longevity, furloughs (negotiable item)
- Coordinate with sister districts
- Outsource through attrition without loss of existing staff
- Restructure long-term GASB liability
- Develop commercial use of parcels

Other Ideas

- Create well-staffed math labs to enhance student success
- Do not require students to purchase new textbooks each year; use open source textbooks. There needs to be transparency for students regarding textbook costs.
- Scale back on contract Public Relations services (external advocacy firm)
- Scale back external legal services in light of return of District Risk Services Manager from his interim college position. Committee member asked if there have been cost savings for legal services over the last year, since Trustee reported to DBAC a year ago that legal costs would be seriously reviewed.
- G.O. bond counsel being explored; counsel would only be paid if bond measure makes it onto the ballot and would not be paid from general funds
- Colleges have been asked to designate part of their budget toward the District Rainy Day fund
- Attempt to identify \$100,000 from District Admin 9 account (administrative-type expenses, such as insurance costs, etc.), but savings of \$2 million were identified and used last year, so not much room left for additional savings
- Do not make full budgeted OPEB transfer (other post-employment benefits)

2012-2013 Budget Development**Discussion:**

- **Andy Dunn** gave a brief description of the 2012-2013 budget development PowerPoint presentation, which will be posted to the District's website.
- Highlights included:
 - A two-pronged balanced budget solution schematic reflecting an estimated internal operating deficit of \$6.8 million, with a one-time "rainy day" fund solution of \$6.4 million
 - Each site and bargaining unit (including non-union groups such as managers, confidentials, executives, and the Board) has a targeted percentage allocation to help close the internal operating deficit
 - Coast is changing the budget strategy to move toward budget stabilization

- Budget stabilization provides for a fiscal hold harmless window during the first year of FTES decline and a three-year restoration window, providing for an opportunity to capture savings associated with an accelerated take-down of FTES
 - If restoration of FTES is not restored timely, FTES and base allocation funding is at risk
 - A budget stabilization strategy takes us closer to the edge of compliance under the 50% law.
 - Mitigating factors for use of the budget stabilization strategy include the high demand for services that may allow restoration simply by adding class sections. Also, if the November tax measure fails, the referenced workload reduction figure will likely become the new base allocation
- Tables reflecting Coast's fund balance among comparable districts and state-wide averages was presented. With a 2009-2010 unrestricted general fund balance statewide average of 16.2 percent, Coast had a 10.5% balance.

NEXT MEETING DATE:

The next meeting will be held May 17, 2012, at 3:00 p.m. in the District Board Room.

The meeting adjourned at 5:14 p.m.

Recorded by Nancy Sprague