

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT

Audit, Budget, Foundation Relations Committee

Committee Members: Trustee Heitmann (Chair) and Trustee Hernández

Thursday, September 3, 2009
4:00 P.M.

Meeting Notes

CALL TO ORDER

The meeting was called to order at 4:07 p.m. by Trustee Heitmann.

PRESENT

Members: Trustee Heitmann and Trustee Hernández

Staff: Dr. Meznek, Sue Johnson, Mary Anne McNeil and Deborah LaTeer

PUBLIC COMMENT

None – request to speak later

FY2009-10 REVENUE UPDATES

The FY10 Revenue Projections schedule (dated 9/3/09) was distributed and discussed. Ms. Johnson explained that general fund revenue for the FY10 Adoption Budget is currently being projected at approximately \$200,000 over the Tentative Budget. Ms. Johnson reminded the Committee that in the Tentative Budget we included a negative \$1 million revenue contingency due to the uncertainty of an approved state budget. Most of that was needed to cover additional state shortfalls toward the Adoption Budget. FY10 revenue is approximately \$4 million less than the FY09 adoption budget. The actual cut from the State to VCCCD is approximately \$6 million, but the prior year growth funding reduced the current year impact of those cuts. The FY10 base apportionment revenue is being decreased by approximately \$4.5 million, which is a permanent reduction (a reduction in base).

The FTES Comparison chart (dated 9/3/09) was distributed and discussed. The base workload reduction of 998 for FY10 is reflected in the chart. This is a cut to the base FTES target, which is increasing the projected unfunded FTES number. The projected unfunded FTES for FY2010 is approximately 3,200.

Categoricals

Ms. Johnson explained that with the passage of the State budget, the Legislature assumed \$130 million of ARRA (Federal) stimulus funding, which is a one-time partial backfill to the significant reductions in categorical programs. We assumed \$90 million for the Tentative Budget. The latest budget information now appears that the one-time stimulus funding will more likely be \$30-60 million, moving closer to the \$30 million in each report, which will mean further reductions to categoricals.

There are prior year carry-over funds in some categorical programs, which will help mitigate these shortfalls. Other solutions to bridge the gap are reducing operating budgets and moving personnel costs (whole or part) into the general fund. Whatever the solutions, they must be sustainable, as the cuts are expected to deepen. Positions with changes in funding will not necessarily change in function. For example, an EOPS Counselor could be charged to the general fund, but still designated EOPS, and may or may not have general counseling functions as well. Staff will continue to monitor the position on supplanting and overall mandates of these special funds.

A Categorical Funding chart (from California Community Colleges Chancellor's Office) was distributed and discussed. When categorical programs were reduced, "flexibility" options were created. However, most programs were protected from flexibility, thus making them non-flexible. The only flexible programs possibly remaining for VCCCD are Matriculation (credit and non-credit) and one program in Economic Development

Reserves

Trustee Heitmann inquired about the district's reserves. Ms. Johnson provided a brief overview of the required reserve as well as the Revenue Shortfall Contingency (which the Board designated to be the ending balance of the reserve, but not less than \$3 million) and Unallocated Reserves. There will not be any growth/restoration dollars added to the Unallocated Reserves in FY10 because there is no state funding for growth. The Revenue Shortfall Contingency is expected to cover all mid-year cuts.

Ms. Johnson also pointed out that the state has added additional apportionment deferrals. The reserves are used to assist with cash flow to cover monthly expenditures, including payroll and vendor payments, which average approximately \$17 million per month.

ADOPTION BUDGET - Process

Public Comment

Joaquin Flores, SEIU – Mr. Flores expressed his concern about inclusion of classified staff in discussions of budget reductions.

Paula Muñoz, EOPS, Ventura College – Ms. Muñoz explained that program coordinators were asked for input into priorities and cost saving reductions, but the suggestions that were made were not necessarily reflected in the final recommendations to the Board. She pleaded with the Committee to preserve funding for EOPS.

Bea Herrera, Counselor (Department Chair), Ventura College – Ms. Herrera expressed concern regarding the alignment of the Educational Master Plan and Mission Statement and the budget reductions.

Gloria Lopez, EOPS Counselor, Oxnard College – Ms. Lopez reminded the Committee of the number of students EOPS serves. She expressed concerns about efficiently serving the students who come into the center.

Ms. Johnson explained that the process used to identify budget reductions between Tentative Budget and Adoption Budget is not mandated at the district level. It is a college process. The deans worked with program coordinators and the college presidents.

Dr. Meznick explained that the updated Mission Statement was adopted by the Board in June 2009 after a vetting process through Consultation Council, where the Academic Senate Presidents are involved. The Participatory Governance process has been put into practice districtwide. The Committee requested that the Chancellor ensure college management is following the process to ensure that everyone's voice has been heard. As part of the Accreditation process, a survey will be administered regarding satisfaction with the several district processes, including participatory governance.

ATHLETIC FUNDING

Public Comment

Jonas Crawford, Athletic Director, Oxnard College – Mr. Crawford asked for guidelines on fundraising activities.

Joe Curley, Reporter, Ventura County Star – Mr. Curley commented that CSUCI is now charging a student athletic fee.

NOTE: Ms. Johnson commented that community colleges are restricted from assessing fees, unless they are optional.

While the state is evaluating structural deficits, over the years, VCCCD has been assessing our own structure issues and has begun a process to correct internal issues. Examples of corrections include no longer borrowing summer FTES and no longer budgeting growth revenue until after it is earned. One structural problem that needs to be addressed is the funding of athletics, as well as a few other high-cost programs.

Inter-collegiate athletics are currently funded in several ways, bookstore profits (co-curricular funds), civic center rental fees, summer camps and various fundraising activities. Core athletic expenditures, such as uniforms and transportation to games, should be moved to the general fund. This is being done over time, to ensure its sustainability.

There was a discussion about FTES and revenue generated through student athletes. Athletes are full-time students, and would as such generate \$4,565 per student. Ms. Johnson explained that in order to determine what revenue is generated by an athletic program, you would need to consider what the loss of revenue would be if the program was eliminated. As VCCCD is currently generating more than 3000 FTES over what is funded, the loss of FTES from a single program would not currently result in the loss of revenue. Additional discussion ensued about proposed legislation to move funding for physical education classes to same rate as non-credit. Non-credit courses are funded at only about half of credit FTES. This issue could reemerge next year.

Fundraising will not be prohibited if some athletic expenditures are funded through the general fund; less activity will be required.

OTHER BUSINESS

Ms. Johnson provided Committee members with a copy of the State Budget Workshop binder, which was held on August 18th.

Meeting adjourned at 6:34 p.m.