

VENTURA COUNTY COMMUNITY COLLEGE DISTRICT
District Council of Administrative Services (DCAS)

Thursday, August 27, 2009

NOTES

Attendees: John al-Amin, Jeff Baker (via teleconference), Robert Cabral, Dominga Chavez, Ray Di Guilio, Iris Ingram, Sue Johnson, Connie Jenkins, Dave Keebler, Deborah LaTeer, Mary Anne McNeil, Darlene Melby, Karen Osher, Peter Sezzi

Absent: Debra Cronin

The meeting began at approximately 8:40 a.m. in the Multi-purpose Room at VCCCD.

APPROVAL OF MINUTES

The notes from the July 23, 2009 meeting were approved by consensus.

FTES

The FTES Comparison chart (dated August 24, 2009) was distributed and discussed. The workload reduction of 998 for FY10 is reflected in the chart. This is a cut to the base FTES target, increasing the unfunded FTES number. Ms. Johnson noted that we will have a “negative growth” factor of nearly 1,000 FTES this fiscal year. The projected unfunded FTES for FY2010 is 3,678, which would result in an addition \$16 million (approximately) if all FTES served were funded.

2009-10 BUDGET UPDATE

The FY 10 Revenue Projections schedule (dated 8/27/09) was distributed and discussed. It was pointed out that the FY10 base revenue will be decreased by approximately \$4.5 million, which is a permanent reduction (a reduction in base). Last year’s growth funding is being budgeted as this year’s allocation, which has mitigated the overall cuts. 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.

Part-time Faculty Compensation (categorical funds) has also been significantly reduced, approximately \$800,000. These funds were initially handled as an increase to the general hourly salary schedule, as pro-rata pay, rather than handled as off-schedule, categorical payments. Since hourly salaries have increased, the liability has also increased while the state has continued to reduce the funding.

Lottery funds received are based on actual FTES served (as opposed to funded FTES). The state is estimating \$105/FTES, but the district is projecting \$103/FTES. The lower projection by the district is because in the prior year the state’s projections were overly optimistic.

Overall, general fund revenue for the FY10 Adoption Budget is currently being projected approximately \$200,000 over the Tentative Budget. Sue reminded DCAS members 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.

2009-10 Workload Adjustment Memo from Chancellor Scott (Erik Skinner)

A memo dated August 4, 2009 from Erik Skinner regarding 2009-10 Workload Adjustments was distributed and discussed. A significant point for our district was Question/Answer #4 regarding small-sized vs. medium-sized or medium-sized vs. large-sized college. If because of the workload reduction, VC falls below the threshold of FTES required to maintain a middle-sized college, the college's funding would be protected for three years. This means that our additional funding based on the growth of VC in FY08 is not in jeopardy in the next several years.

Another significant issue addressed in that correspondence is that for this fiscal year, property tax and enrollment fee shortfalls, are in fact reduction to our base FTES and base funding. This is unusual, as these categories of shortfalls are typically handled by the State as one-time budget reductions (P1 and P2) rather than a reduction to base. VCCCD's estimated workload reduction is currently 998. However, if the property tax and enrollment fee shortfall assumed in the State budget changes, that FTES reduction and corresponding revenue reduction will also change.

Categoricals

The state refers to categorical programs as augmented or supplementary services. A Categorical Program Flexibility funding chart was distributed. (This chart was distributed at the State Budget Workshop on August 18, 2009.) The chart highlights categorical programs where flexibility is allowed beginning 2009-10 (not retroactive) through 2012-13. Sue cautioned the group that the state is currently working on language that would remove some of the shaded areas from flexibility.

She explained that the State assumed \$130 million of ARRA stimulus funding in the approved budget, which is a one-time partial backfill for categorical programs. We assumed \$90 million for the Tentative Budget. The latest budget information now appears that the one-time stimulus funding will more like be \$30-60 million, moving closer to the \$30 million in each report.

It was further explained that the state includes a "Maintenance of Effort" requirement in many categorical programs. In essence, what is spent in one fiscal year in the general fund must be maintained (spent) in the subsequent fiscal years. These expenditures cannot be moved back to categorical programs. That would be considered supplanting. This could affect our ability to move costs that we move to the general fund this year back to categorical funding in subsequent years. We are closely monitoring the state's position on MOE and supplanting for future appropriations due to the tremendous reductions of categorical funds in the current and expected next fiscal year.

A Categorical Program Budget chart (dated 8/27/09) was distributed. The chart shows varying levels of one-time backfill from federal stimulus funds. The exact amount of available one-time stimulus back-fill funding is not yet known. The charts indicated the amounts that would have to be further reduced depending on the level of backfill available.

Peter Sezzi stated his position that faculty needed to be involved in the decision-making process related to budget reductions and which programs are considered core. He stated that he felt the previous budget cuts were done better at some sites than others. Sue noted Peter's concern, but also explained that when personnel decisions are made, confidentiality is essential, and that the colleges needed to continue to strive to balance the need for participation with confidentiality.

Overall, the FY2010 Adoption Budget reflects a \$6 million reduction in the general fund, and nearly a one-third reduction to categorical program funding.

District-wide Services

The District-wide Services budget (dated 8/27/09) was distributed and reviewed. Overall, the proposed DW Services Adoption budget is less than Tentative by approximately \$253,000. This is due, in part, to the conversation from Blackboard to Desire2Learn. The new distance learning platform will be fully implemented by spring 2010. The new software was a faculty driven decision, chosen by the Distance Education Task Force. Other areas of that budget were also reviewed to ensure that reductions were made where possible.

Allocation Model

The FY10 Adoption Budget Allocation simulation (dated 8/27/09) was distributed and discussed. Sue pointed out that next year's growth will be reflected as a negative number – reduction of FTES. Overall, each college's budget increased over Tentative.

School Services Presentation

A copy of a presentation made by School Services of California (dated August 18 & 21, 2009) regarding California's Economic Outlook and Proposition 98 was distributed and the future economic projections were discussed.

OTHER

Subsequent Years

A discussion ensued regarding subsequent year budget reductions. It is projected that FY11 will see additional cuts in revenue, potentially significant, as well as increases in our expenses. It was agreed that this year was manageable, and that next year will be worse, and maybe not quite so manageable. The possibility of deficit spending beginning in FY 11 was raised. Although deficit spending would be a short-term solution, it may provide for a more gradual or "step-down" approach to significant reductions. It was agreed that all options were on the table for FY 11, depending on the financial landscape at that time and updates of the longer-term projections.

DW Restructure

A brief overview of the Information Technology restructure was shared. The new model is a distributed model with management at the district level. It will allow more efficiency and resource allocation across all sites. How the redistribution of these costs might impact the model was discussed. Plans will be shared with DCAS once they are finalized, along with considerations regarding possible modifications to the model.

NEXT MEETING

- September 24, 2009 – **8:00 a.m. (review of Adoption Budget)**

Meeting was adjourned at approximately 10:26 a.m.