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

Thursday, November 18, 2010

NOTES

Attendees: John al-Amin, Robert Cabral, Felicia Torres (for Dominga Chavez), Riley Dwyer, Alan Hayashi, Sue Johnson, Dave Keebler, Deborah LaTeer, Darlene Melby, Mary Anne McNeil, Karen Osher, Peter Sezzi, Trevor Zierhut

Absent: Dominga Chavez

The meeting began at approximately 8:35 a.m. in the Multi-purpose Room at VCCCD.

Ms. Johnson introduced Trevor Zierhut as the student representative on DCAS. Trevor is the Director of External Affairs, Associated Students of Ventura College.

Robert Cabral asked that an item be added to the agenda: Budget implications of FON.

APPROVAL OF NOTES
The notes from the September 30, 2010 meeting were approved by consensus.

CURRENT YEAR SHORTFALL
Sue explained that since the Adoption Budget was approved by the Board, the Legislative Analyst's Office has released a current deficit projection of $25.4 billion. She further explained that midyear budget cuts are expected at the statewide level, including the loss of growth (restoration) funding. The District has prepared for these reductions by maintaining a $5 million revenue shortfall contingency reserve; therefore, operational budgets will not be impacted midyear because of state shortfall. The loss of growth, should it occur, would not affect the District's current year budget, as the district does not budget growth until the year after it is earned; however, if this does occur it will have an adverse impact of FY12. The growth dollars are currently projected at approximately $2.9 million.

LOCAL STRUCTURAL DEFICITS
Over the past several years, DCAS has discussed the District's growing structural deficits. During the last budget development process, these local structural deficits were again recognized and discussed in detail. It was agreed that a plan should be developed to address these deficits, and that the plan could include the removal of specific revenues from the general fund allocation model and allocate/direct those funds toward specific structural deficits. The final recommendations will be presented to the Board as a recommended change to the model, with specific implementation criteria/triggers.

DOC met to develop initial ideas to present to DCAS for consideration and further brainstorming by the Council over the next few months.

Sue outlined the following questions to begin the conversation:

- What are the structural deficits that need to be addressed?
- What revenues do we wish to identify to allocate toward resolving structural deficits?

- On what basis would we allocate funds to each structural deficit category?
- What will trigger diversion of identified revenues from the general allocation model to the structural deficit allocation?
- What other issues should be considered?

It was emphasized that any reallocation of resources toward structural deficits would not generate additional resources, but would instead only reallocate funds AND that the allocation of resources to address structural deficits was not intended to fully address the funding needs of these deficit areas, but instead only provide a foundational allocation that would then be augmented with other sources of funding such as restricted funds from the state or allocation of funds from the colleges' general fund resources.

Revenues to allocate toward structural deficits

Initial revenues to be diverted were suggested as a starting point and the logic for their recommendation was explained (as outlined on *Revenue Projections-FY12 schedule dated 11/18/10)*.

- Enrollment Fee Waivers
- Unrestricted Lottery Proceeds
- Interest Income
- Enrollment Fees – Local Share

There was a discussion of the four revenue streams suggested for diversion. Dave Keebler felt it was important for DCAS to identify the capacity to address/fund structural deficits. John al-Amin said it made sense to pull out less stable revenue funds (non-sustainable funds) and use them for stable expenses. He mentioned that other districts did not use funding such as lottery for general ongoing expenditures. Peter Sezzi asked about the possibility of allocating/directing any growth dollars that might be received for FY11 into the local structural deficits. Sue said it was a possibility and would be a good time to do so.

Robert Cabral asked about a proposed timeline for making a recommendation to the Board. Sue explained that if it were to begin as a part of the FY12 budget development, it would need to be done in spring as the Budget Assumptions are typically sent to the Board in March.

Sue reminded DCAS about the $4.5 million that was restored into the FY11 Adoption Budget (over Tentative Budget) that will be used for non-recurring expenditures (such as IELM and Scheduled Maintenance) in the current year and that if FY12 did not unravel we may be able to utilize some of those funds to begin the process. However, Scott Lay, from the Community College League of California, is projecting severe cuts to community colleges in FY12. Such a cut would equate to approximately $5.8 million to VCCCD, which is higher than the amount restored to the budget.

Areas discussed for Local Structural Deficits to be possibly addressed

- Instructional Equipment
- Library Materials and Databases
- Scheduled Maintenance
- Tech Refresh (hardware and software)
- Capital Furniture and Equipment (to include M&O equipment & classroom furniture)
- Research & Development/Staff Innovation (new collegewide initiatives)
- Online Education Licensing Fees

- Program Accreditation Fees (such as nursing, dental hygiene, etc.)
- Program Transition Costs (i.e., STEM, Title V, NSF) (Instructional Equipment)

Sue commented again that it is important to note that any recommendation DCAS makes to the Board will not solve all the local structural deficit needs. It is intended to give some assurance there will be some funding for fluctuating (recurring) expenses. It is an attempt to restore some of the institutional needs that have been depleted due to budget constraints. And that although these may be very difficult times financial, it may also be a good opportunity to develop a plan to address the structural deficits.

This second item (structural deficits to be addressed) will be discussed again over the next several meetings to better refine the areas to be recommended. Yet to be discussed was the basis for allocation for each area and trigger points that would prompt the re-directing of resources to the structural deficit allocations. All of these areas will need to be addressed as a part of the final plan.

FON (FTO)

Sue explained that FTO and FON are one in the same. The State refers to Full-Time Obligation (FTO) as Faculty Obligation Number (FON). There is no difference.

The District's FON numbers were recently brought to Cabinet. Each District's FON number is annually increased by the same percentage as FTES growth, which is approximately 2% for VCCCD. The Board of Governors (State BOG) has the authority to waive FON if there are insufficient resources. For the third year, the BOG has approved such a waiver. However, once the obligation is unfrozen, we will be held to the new obligation number.

When a full-time faculty gives "late notice" to resign or retire, the state gives us a one-year reprieve for replacing that faculty member. That faculty must be replaced in the following year, however, even with the number frozen. To avoid being caught short of the target number, it was recommended to Cabinet, and they concurred, that the District will no longer count "free passes" to make our number. Any free passes will function as a cushion. Therefore, the District will hire additional full-time faculty over those that leave this year, working towards the projected target of 23 needed when the FON waiver is lifted. It will be a gradual restoration, beginning with 9 for FY12.

NEXT MEETING

It was decided that the December 16 meeting is necessary due to our projected workload. We will however begin at 9:00 a.m.

Meeting was adjourned at approximately 10:55 a.m.