

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

Thursday, June 4, 2009

NOTES

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

Absent: Debra Cronin, Dave Keebler

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

Sue welcomed the two new Academic Senate Presidents, Robert Cabral and Jeff Baker; and there were informal introductions.

APPROVAL OF MINUTES

The notes from the April 16, 2009 meeting were approved by consensus.

2009-10 PRELIMINARY BUDGET

Sue briefly discussed the recent events regarding the budget. She further explained that as of May 31 there is a projected \$24 billion state deficit. The State of California's cash flow is minimal. According to the State Controller, the state budget deficit had to be resolved (and passed by the legislature) by June 15th or the state would run out of cash by July 29th. That is an important date because VCCCD receives the monthly apportionment payments on the last business day of each month. Additionally, this is before the July state payroll. Sue explained that VCCCD's cash flow situation will be taxed because of the state cash deferral, etc., but is sufficient to handle the situation at this time.

VCCCD must adopt a "budget" by July 1st or, legally, the district cannot incur expenses or issue checks. Because of the volatility of the state budget situation, Sue is proposing three (3) budgets for FY 2009-10: a Preliminary Budget (to the board June 23, 2009), a Tentative Budget (approximately 45 days following Preliminary Budget) and an Adoption Budget (September or October 2009). Even if the state has not adopted a new budget in time for the Tentative Budget cycle, the District will need to proceed with a more meaningful budget than that that is depicted in the Preliminary.

The Governor has proposed a 57% cut to categorical programs. With this cut, there is a proposal that the remaining funds will be given "flexibility", which will allow district's to combine funds to run efficient, core programs. ("Flexibility" was granted to K-12 districts when they had their categorical funds reduced last year.)

Sue distributed a "Revenue Reduction" schedule (dated May 14, 2009). There is currently a \$116.7 million projected statewide property tax shortfall. This equates to approximately \$2.7 million to VCCCD. Another projected revenue reduction is the change in PE class funding. The Governor is proposing that PE classes be funded at \$1,820 per FTES (the non-credit rate). This would result in

an estimated \$3.4 million reduction to VCCCD. Another revenue shortfall is the Part-Time Faculty Compensation, which is estimated at \$530,000 to VCCCD. It was noted that the state considers this funding to be categorical, but the district has handled it as general fund since its initial receipt. At this time, the total shortfall for VCCCD is estimated to be \$6.6 million for FY2009-10.

Sue highlighted certain funds outlined in the Preliminary Budget. The GASB 45 Retiree Liability Fund contribution is not being increased for FY2009-10, as the Board is considering establishing an irrevocable trust which would reduce the liability and annual required contribution. If the Board decides not to invest in such a trust, the increased annual contribution will need to be addressed.

Sue explained that the Health Services Fund is dependent on state mandate reimbursements. With the state budget crisis, the state could eliminate the mandate. The health centers are currently sustaining themselves using past mandate reimbursements, which will last a few more years. This could be a long-term issue that will need to be addressed.

The Child Care Center Tax Bailout Apportionment funding is proposed to be slashed by 57%. The FY2009-10 budgets for the centers are being presented as deficits. If the reductions hold, this issue will need to be revisited.

Sue explained that the budgets for the bookstores remain flat for 2009-10. The district is currently working with a consulting firm to increase the efficiency and profitability of the bookstores. A report of our progress will be shared with DCAS soon.

The Governor has also proposed the phasing out of the CalGrant Financial Aid component. Current students are okay, but no new students will be awarded CalGrants if the legislature approves this proposal.

Sue reminded DCAS members that growth is not budgeted in the year in which it was earned. For example, growth earned in FY2008-09 will be budgeted in FY2009-10. Unbudgeted growth in the current year goes into reserves and the next year it is reflected in our base and flows through the Allocation Model. FY09 growth (\$2.3 million) will offset the \$6.6 million shortfall for FY 2009-10, (reducing the revenue reduction to \$4.3 million. Growth revenue will become a more significant issue to us as the current proposal for 2009-10 is no growth. (Therefore, we will not have that new funding in 2010-11.)

Because of the significant and unexpected proposed reductions in categorical programs, budgets are being developed using a 25% cut. The difference between 25% and the governor's proposed 57% cut (32%) is being put in a 7999 Contingency line item. The 32% reduction amount reflects the cuts yet to be identified if the proposed state reductions hold.

There was a discussion about cuts in faculty expenditures, and the belief that those reductions are disproportionate to other cuts in the district. Sue distributed two charts showing the number of faculty, classified staff and management positions over the last nine fiscal years. These numbers and impacts were debated. There was further discussion on how the district can become more sustainable, while maintaining the quality of education.

There was a brief discussion on the district's reserves. Sue explained that in FY2008-09, the district did not receive their first apportionment until October, when it was due in July. In addition, state funding was deferred for student financial aid and state-funded capital projects. The district used its "cash" for payroll and vendor payments. District cash is available mostly from the existence of

reserves. In the 2009-10 budget proposal, there are 3 significant deferrals. This again will result in significant need for district cash to maintain operations. Without significant reserves, other districts are borrowing money, thereby incurring additional expense, to meet their payroll and pay vendors.

DCAS approved the Preliminary Budget by consensus. It will be presented to the Board on June 23, 2009.

The budget will be rolled in banner today (June 4) so staff can begin working on the Tentative Budget.

NEXT MEETING

July 16, 2009 – 8:30 a.m. (may be rescheduled based on development of Tentative Budget). Email confirmation will be forthcoming.

Meeting was adjourned at approximately 10:45 a.m.