

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

Thursday, February 16, 2012

NOTES

Attendees: Robert Cabral, Dominga Chavez, Alan Courter, Riley Dwyer, Alan Hayashi, Iris Ingram, Sue Johnson, Tom Kimberling, David Keebler, Deborah LaTeer, Mary Anne McNeil, Darlene Melby, Peter Sezzi

Absent: Blanca Barrios

The meeting began at approximately 8:38 a.m. in the Dr. Thomas G. Lakin Board Room at VCCCD.

APPROVAL OF NOTES

The notes from the January 19, 2012 meeting were approved by consensus.

FY13 BUDGET PROJECTIONS

Sue distributed a copy (attached) of the presentation given to the Board of Trustees on February 14, 2012 (which was also placed on the website). Sue recapped the projected budget deficit for FY13 and how we got there. She explained that the shortfall could be anywhere from \$6 million to \$12.2 million, depending on passage/failure of the Governor's proposed tax initiatives. This range may also change with additional information from the State throughout the budget development cycle.

Sue provided details about the FY13 budget development projections with two scenarios: tax increase passage and failure. If the FY13 budget is built assuming passage and the tax increase fails, a projected \$6.2 million in reserves would be used. Sue further explained the current level of reserves is projected to be \$18.7 million (with the initial P1 reduction to revenue) and that the state required minimum of 5% is a part of that total.

Sue explained that after the Board's Study Session on February 14, 2012, the Board offered general direction that staff should work with an assumed budget shortfall of \$8 million for FY13 budget development.

There was also discussion regarding the District's unfunded FTES. If the tax increases fail, the shortfall will, most likely, come in the form of a workload reduction, which will reduce the District's funded FTES cap, which will, in turn, increase the number of unfunded FTES. There are approximately 1,400 unfunded FTES tied to the \$6.2 million trigger if that were to occur. The Fall 2012 class schedule will be built assuming the tax increases will not pass. Alan Hayashi stated that by setting a projected shortfall amount early, it gives the colleges a target for planning. A subsequent discussion of enrollment management ensued. Riley Dwyer expressed concern about the lack of a vital District position - Vice Chancellor of Academic Affairs. She stated this deficiency has contributed to some of the enrollment management and accreditation issues and, in a way, we are sinking our own ship.

As part of the FY13 budget presentation, Sue gave an explanation of the auxiliary services (bookstore and food services) and how both operations have seen significant declines/loses over the past several years. Sue stated that the District will continue to maintain full bookstores; however, there will

be changes. For instance, we are moving away from online sales, as they are more staff dependent than initially anticipated. The cafeteria operations have suffered losses (sometimes significant) over the past several years. There was a question regarding the hiring of ISSI (management consultant for the cafeterias). Iris stated that by engaging ISSI it did delay closing the cafeteria. Because food service management is significantly different than outsourcing, which most community colleges are able to do, we do not have the ability to competitively compete. Although the food operations are desired by many, they are not core to our missions and we are left with a choice of subsidizing food operations or supporting instruction and other student services. The cafeteria closures will be recommended at the March board meeting. We will expand our vending operations and plan to retain the same space for students to gather and socialize.

There was a question regarding the status of the child development centers. Sue responded that staffing patterns will continue to be modified in order to break-even.

FY13 BUDGET ASSUMPTIONS

A draft copy of the FY13 Budget Assumptions was distributed. The document was previously emailed to DCAS members in an effort to provide ample time for review. Sue reminded the group that numbers and percentages (as evidenced by yellow highlighting) are presented only as a means of following the methodology. She indicated she felt the flow of information would be difficult to follow with an X or left blank. The purpose of this meeting was to finalize those numbers and philosophy to be recommended to the Board for adoption.

Riley Dwyer suggested that language be added under the Enrollment Management section regarding the unfunded FTES and the 500 target number being used as a safety net to avoid falling below the District's funded cap.

There was a discussion regarding the carryover amount. The general Allocation Model specifies a 1% carryover amount and exceptions to that amount have been made through the Budget Assumptions for the past few years. Without an exception this year, it would automatically revert back to 1%. Sue noted, however, that if the amount reverts back to 1%, it would mean the budget reduction amount would be greater by an additional 1%, which is approximately \$1.15 million, which the colleges have not yet planned for, but could.

There was discussion regarding an appropriate time to revert back to the 1% and that is when we are stable and receive more resources. Dominga Chavez expressed a concern about the carryover amount and the fact that it appeared that discussions had already taken place regarding a 2% amount. In essence, it was a done deal. Sue responded by reiterating her message earlier that numbers were merely put in the document for ease in following the methodology. She reiterated that no decisions have been made by any group and that DCAS's recommendation would be forwarded to the Board through the Budget Assumptions. Riley stated that she supports the 2% because MC is already taking the brunt of their hit through the reduction in FTES and cannot afford an additional hit. Alan Hayashi, AFT rep, expressed some concern over the 2% and would support it only with great reservations. Peter Sezzi stated he supported the 2% carryover amount, but suggested maybe a step-down approach in future years (1.75% or 1.5%). Sue concurred that that approach made sense and could be done with additional resources. Sue expressed a slight concern over the 2% carryover amount because it is intended for one-time expenses and it is obvious that we are now using it to mitigate the reductions in on-going costs. There was no agreement to a specific step-down approach.

There was unanimous agreement that DCAS would recommend that the FY13 Budget Assumptions be presented to the Board for approval including the \$8 million shortfall, partially protecting against failure of the tax initiatives, and a carryover amount of 2%.

INFRASTRUCTURE FUNDING MODEL

Riley suggested that we move the document along as all are in agreement with the concept of the Model. It will be presented in conceptual, addressing District needs for total cost of ownership.

Peter stated that although we are removing inflow streams from reserves, those amounts wouldn't be enough to mitigate significant reductions at the campus level.

It was suggested that language be included regarding the District Administrative Center being held harmless against reductions as revenue is taken from the general Allocation Model, as they would not be participating in the new Infrastructure Funding Model.

Alan also questioned why we would adopt the Model now when we are deferring for a number of years. Sue stated it was never suggested that we defer the implementation for number of years, but instead that if adopted the Board could approve Year 1 and the concept and then the transition years would become part of the annual Budget Assumptions. Rate of funding can be decelerated if DCAS or the Board deems it appropriate.

DCAS will be responsible for reviewing the Infrastructure Funding Model annually as it does with the general Allocation Model and other key functions.

All members recommended moving the Model forward to the Board for approval. Although Alan Hayashi (AFT rep) supported the Model be forwarded for approval, he requested that the record state he has reservations about the timing, especially when colleges are having a difficult time balancing budget and there is no additional incoming revenue.

DCAS supported having Peter Sezzi co-present the Model at the Audit and Budget Committee meeting February 23 and at the March Board meeting.

PARTICIPATORY GOVERNANCE MANUAL – FUNCTIONAL MAPPING

Sue explained that although the entire Participatory Governance Handbook is under review at Consultation Council, it was her intent to bring business-related sections to DCAS for review and input; although most do not fall under the charge for DCAS. The applicable parts have been edited for misstatements. However, the overall format is likely to change and we will bring the document back as it is modified to ensure the full Council is involved as some are not on Consultation.

All were in agreement there are voids regarding communication and constituency representation. It was stated that it is most likely that those gaps be addressed overall in the manual.

OTHER

Robert Cabral reported that Sue co-chaired the PBC meeting at Oxnard College. He stated all welcomed Sue and were thankful for her attendance. Robert felt, and Sue concurred, that attendees want education about the Model. A special meeting of PBC has been scheduled to help address some of these concerns. Sue conveyed her eagerness to educate staff at OC and said everyone was hospitable towards her.

Alan Hayashi stated that it was refreshing to hear that others' perception of Oxnard is inaccurate. Perception and reality sometime differs districtwide.

Sue recognized the hard work of DCAS members over the past several months. She is pleased with the Infrastructure Funding Model document and appreciates each member's commitment and hard work.

NEXT MEETING

The meeting tentatively scheduled for February 23 is no longer necessary. Our next scheduled meeting will be Thursday, March 8, 2012 – 8:30 a.m.

Meeting was adjourned at approximately 12:11 p.m.