CHABOT-LAS POSITAS COMMUNITY COLLEGE DISTRICT
District Budget Study Group
March 2, 2012
Minutes

Present	Present	Absent	Non Members
Joanne Bishop-Wilbur	Lorenzo Legaspi	Jeff Baker	Marcia Corcorun
Rita Brown	Ming-Lun Ho	Mehak Dharmani	Tom Clark
Bob D'Elena	Keith Level	Joel Kinnamon	Tom DeWitt
Dave Fouquet	Tim Nelson	Bob Kratochvil	Neal Eli
Justin Garoupa	Janice Noble	Pedro RuizDe Castilla	Dawn Girardelli
Mary Anne Gularte	George Railey	Todd Steffan	Tina Inzerilla
Natasha Hrycaj	Susan Sperling	Gordon Watt	Jeannine Methe
Judy Hutchinson	Sarah Thompson		Sylvia Rodriguez
Howard Irvin	Heidi Ulrech		Tram Vo-Kumamoto
Kyle Judson	Kevin Walthers		Dale Wagoner
Kathy Kelley	Yvonne Wu-Craig		
Bob Kratochvil	Barbara Yesnosky		

I. Approval of Minutes

Motion was made by Mr. Bob D'Elena to approve the minutes of the February 10, 2012 meeting, seconded by Mr. Justin Garoupa. Motion carried.

II. Budget Update

Mr. Legaspi updated the group with the latest budget news from the state. There is a shortage of $100 million in the projected student fees and $49 million in

III. property tax collections. This latest news affects our estimated actual budget for FY 2011-12, bringing our deficit to $5,363,000. The district's reserve balance, even after borrowing $3,827,000 from RUMBL is 4%. The state requirement for the reserve is 5%. Based on the governor's proposal, and if the tax passes, we are looking at $5.1 million to close the budget deficit and to restore our 5% reserve. That does not include restoring the RUMBL with $2.5 million. If tax fails, our deficit will be $9.2 million. This group has to plan for the worst or best case scenarios. The second option is do a balance budget now with mid trigger cuts. The group also needs to decide whether to pay back RUMBL in 1 or 2 years.

Dr. Walthers stated that at the last DBSG meeting the decision was made as part of the guiding principle to first pay back the 5% reserve and then start paying the RUMBL.

Mr. Fouquet asked that based on the current projections for 2011-12, it shows $1.5 million in supplies, but the adoption budget did not include anything for supplies.

Ms. Yesnosky responded that at the adoption of the budget, everything was budgeted in "other category". After the budget was approved and adopted, they were budgeted by actual account numbers. Some went to supplies, some to capital and others went to other account. For budget purposes everything is placed in the 5000 account.

Mr. Legaspi added that a bulk of the projection for 2011-12 included expenses for Cont. Ed. Revenues for Cont Ed increased and so did the expenses, which were not there at the adoption budget.

IV. Budget Development Calendar

At the last meeting the group worked on the Guiding Principles and established a list of key dates. It was decided that the group would come up with a recommendation in time for the tentative budget which goes to the Board at its regular June meeting. The tentative budget is due to the state on June 30th. The group needs to complete the work by June 1st. At the minimum, we have to reduce our budget by $5.1 million. The additional would be unknown until November. As a group we have $9.1 million to address. Our FTES funding will be at 15,003, going back to1991/2000 level.

Ms. Thompson stated that it is critical that we decide on a plan for the budget; whether prepare for the worst and hope that does not happen.

V. Budget Development Guiding Principle

Mr. D'Elena shared ideas that were suggested by people at LPC. One of them was to move the budget for utilities to the various responsible areas. It would motivate them to conserve electricity and control costs. The Second idea is to consolidate positions. Temporarily suspend the two interim Dean positions at LPC and have one person be the Dean at both campuses.

Mr. Fouquet suggested that the District office be moved to the vacant buildings at the campuses and rent the 5020 Franklin building and the Dublin hub.

Ms. Thompson suggested that the budget process should reflect our mission statement as the guiding force with education as priority. The potential budget reductions should be made with an eye to the central mission of our colleges.

VI. DEMC – Discussion on Targets

Dr. Walthers reported that the DEMC decided that if the tax fails the bulk of that $4.1 million would come entirely from the administrative and non faculty side. There would be two schedules for spring based on tax pass/fail scenarios. The schedule would not be released until Nov 4th, based on the result of tax initiative failing/passing. He requested Mr. Fouquet and Mr. DeWitt to create a list of bullet points that would impact the DBSG decision.

Mr. Fouquet stated that it is imperative to not just look at the cost side, but also be aware of the revenue side. The district FTES base is disappearing. The actual workload reduction for the schedule between 2010 and the current year is only 7%, but the actual FTES generation went down by more than 10%. We are cutting productive classes such as PE & other basic skills. To adjust the spring dramatically would have revenue implications.

Mr. DeWitt commented that it is important to know that because of the high impact to enrollment, our current course mix does not have the cushion. We are below 2% and if it goes lower, we could easily loose the revenue.

Dr. Walthers also heard at the DEMC that if the tax does not pass, it would severely impact the spring FTEF numbers. Subsequently, it would be dramatically adjusted. The district gets paid for 15,003 students, so there is no revenue implication this year or the next. If that numbers reduced, then we would have to make more difficult decisions with the understanding that we are rolling back to 1998. The DEMC decided that all the reduction for the $5 million would come from the non-faculty except for $245,000. They reduced 6 FTEF.

Mr. D'Elena stated that he would like to see a more balanced approach. Certain classes at LPC are only offered in spring and fall semesters. Should the tax fail and all the cuts are in spring, it would severely affect the students who need those courses for degrees or for certificates.

VII. <u>Recommendations and Guiding Principles</u>

Ms. Wu-Craig reported that after the last meeting and the proposed guiding principles, she had a meeting with the Chabot classified constituency about the budget situation. The purpose of the discussion was to spark some discussion about cost saving strategies for the district deficit in order to save jobs. As a result she solicited some ideas that might fill into the guiding principles. She presented several recommendations in the areas of professional experts and services including attorney fees, institutional memberships, travel, and Public Information advertising and materials production. The constituency asked if Contract Ed is a fully self supported enterprise.

Mr. Legaspi clarified that Cont Ed generates a net of about $800,000 in revenue and it is included in the district revenues.

Ms. Ulrech asked if a motion is necessary to request that Cont Ed be shown separately.

Dr. Walthers amended Ms. Ulrech's motion and requested a detailed breakdown of revenue and expense for all units/sites.

It was seconded by Mr. Fouquet. He requested that the transparent information include the breakdown of the District Office, M&O and the Cont Ed as three separate entities.

The motion carried.

Mr. Legaspi agreed to provide the detailed revenue and expense sources by each unit prior to the next DBSG meeting. It would include the anticipated projected expenses and the actual for the current year.

Mr. D'Elena thanked Ms. Wu-Craig for her presentation. He then referred to her recommendation for a mechanism leveraging international students while increasing enrollment, and asked how that revenue gets paid back to the colleges.

Ms. Hutchinson responded that international student revenue is co-mixed with the non-resident tuition. From the total, 14% goes to the district and the balance of 86% to the campuses.

Mr. Fouquet added that DEMC accounts for the non-residents in the allocation and is part of the allocation tool for FTEF. Typically, that is one of the reasons the targets are a bit higher than the state funded 320 reports.

Dr. Walthers appreciated Ms. Wu-Craig's presentation, but added that as one of our guiding principles there is "no one size fits all solution." Some decisions such as completely eliminating travel could have far reaching impacts because staff needs to attend the Accreditation. Each unit needs to decide.

Mr. Legapsi reminded the group that the current budget was not crafted on any specific percentages or numbers for the units. The solutions were based off the structural deficit. The group went through the exercise identifying essential/critical needs by line item. He also reminded the group that the 4-6 thousand accounts, as shown on Ms. Wu-Craig's presentation include a big portion of utilities and insurance costs.

Ms. Kelley commented that the critical/essential exercise last year was not really a discussion, but merely a presentation by individual units responsible for the line items who decided they were essential. It was not really an open conversation from an outside perspective of what needs to be cut. She suggested that the guiding principle include a review of the entire district and its revenue and expense sources on a long term basis.

Dr. Sperling supported the suggestion by Dr. Walthers to obtain, as soon as possible, a transparent budget breakdown of revenues and expenses detailed by site. She also supported Ms. Thompson's suggestion that the discussion of the prioritization process be organized around our mission.

Ms. Kelley stated that just as faculty has prioritization procedures for a limited number of hires and retain as revenue generating instructors, the same should apply to all units including the district. There is a need to review the district office cost in comparison to services/revenue generation and finalize how well it is being utilized. The two college Presidents were to be part of the 14.2% district budget. Those are significant differences in how revenues are utilized and disbursed. She felt it should all be open to examination and consideration, so that the gap between our revenue and expenses can be significantly reduced.

Mr. Legaspi reported that the direction from the state Chancellor is that we craft our budget based on the tax intiative failing. Otherwise, the state would require a list of trigger cuts. We can either proceed with that direction and identify midyear trigger cuts or make the cuts now and add things back if the tax passes. That can be achieved through the exercise of transparency and a review of line items; we need to start preparing for one of the two numbers.

Ms. Thompson suggested that prior to the review of revenue/expenses, the group needs to agree to a framework of priorities.

Ms. Kelley commented that while the CFO's office prepares the document of the real numbers to be examined, the group can take today's suggestions to their various units for discussion and bring back ideas.

Dr. Walthers made a motion that by end of the month all the units combined will come up with $5.1 million in cuts. Then start the work on the trigger cuts for the $9.2 million. Each unit will need to decide on their percentage of share of the $5 million problem and make the cuts. The campuses will need to look at their program budgets and make some difficult decision because what is valuable is not necessarily essential.

Ms. Kelley seconded the motion.

Mr. Legaspi agreed to provide the detail breakdown of all the centers; D.O, M&O, Cont Ed, with revenue and expense by next week. The spreadsheets would be for the first review and if the group felt necessary, he would do a second run with even more details to the data. Due to time constraint, he proposed that review and solutions be looked at the same time. The consensus was to proceed in this direction.

Ms. Wu-Craig, on behalf of the classified staff urged that as people prioritize, they consider saving the current positions to keep things running so that they can help the students.

VIII. Other

None

III. Adjourn

The meeting was adjourned at 12:40 p.m.

IV. Next Meeting

March 30, 2012

DBSG MEETING MINUTES FROM MARCH 2, 2012 – VERBATUM
DR. WALTHER'S MOTION – KATHY KELLEY SECONDED

Kevin: I was hoping to get out of this today, based on what I have heard, it sounds like to me and I am gonna kinda of frame this in a motion, that by end of the month all the units combined will come up $5.1 million in cuts, not each,their share of the $5.1 million and after we have done that we will start working on the trigger cuts for $9.2 million and that gets us to the idea where we have to sit down on our campuses and D.O and M&O and say if we are 30% of $5 million problem we need to say how we cover our share of that and we come back to this group, its gonna be very uncomfortable discussion we gonna walk away mad at each other, but that's the way it has to work. We need to go back to our campuses and start taking some very difficult looks at our program budget, where we are spending money that we are not gonna be able to spend money this year. Because whats valuable is not necessarily works essential.

Kathy: I would second your motion on this except that I think the end of this month may be an unreasonable target I think we should have a strong beginning on that effort, I can't imagine being to talk to enough of the Chabot College we feel that we have had enough input. Everybody is already working.

Kevin: You don't have to finalize it. We just need to have something out there

LL: I think a lot these decisions will have to be made at the centers at a local level.

Motion was seconded by Kathy Kelley.