

DISTRICT BUSINESS STUDY GROUP
MEETING NOTES
FEBRUARY 20, 2009

Place: Chabot College, Room 302, Hayward, California

Attendees: Bob Kratochvil
Celia Barberena
Dave Fouquet
DeRionne Pollard
Gregory Daubenmire
Heidi Ulrech
Jack Mahrt
Jason Morris
Judy Hutchinson,
Linda Wilson (for Marck Smythe)
Laurel Jones
Ming-Lun Ho
Mike Absher
Pedro RuizDeCastilla
Rosie Mogle (for Rachel Ugale)
Tim Nelson
Yvonne Wu-Craig (for Classified Senate)
Pushpa Swamy (non member)

The meeting was called to order at 12:30 p.m. by Lorenzo Legaspi, Vice Chancellor, Business Services. He updated the group regarding the state budget its impact on the District. He explained how the District finances work; how we receive our funding from the state and the distribution to the colleges and the District office.

Budget update:

The state passed a budget on 2/19/09. This budget addresses a \$41 billion state deficit over 2 years - the current year and 2009-2010. The budget has \$15.8 billion in expenditure reduction, \$14.4 billion in temporary tax increases, and \$11.4 billion in borrowing. For the Community College system, there is a reduction of \$39.8 million which eliminates the 0.68% COLA. Our adopted budget did not include the 0.68% COLA of about \$560,000. The \$340 million in apportionment funding deferrals will affect our cash flow. There is \$185 million for a 3% enrollment growth cap and we are hoping to capture the unspent growth funds. The state will delay apportionment payment to July and October. If necessary, the District will do internal borrowing from other funds. We can also borrow from financial institutions on a short term basis.

This budget does not include categorical flexibility and it does not include student fee increases. It does not include any policy changes regarding reclassifying of some credit classes to non-credits especially in the areas of Physical Education.

Dave Fouquet asked about mid year cut. In response, Mr. Legaspi said that there will not be a 5%, or a \$4 million mid year cut for 2008-09. Linda Wilson asked when we will know that we can tap into the growth fund. Mr. Legaspi explained that the enrollment numbers are reported to the state four times a year -

January, April, July and re-certification in November. It gives us four timelines to see if there is a growth to be captured. Mike Absher asked about stability funding for 2008-09 and how this affects the 2009-10 budget. Mr. Legaspi said that for 2008-09 current year, our District will be in stability funding and will be funded at the 07-08 level which is actually higher. In 2009-10 we are expected to be out of stability funding and the projected numbers for 2009-10 should bring us in line with our growth, without any rollbacks.

State's Funding Model:

In 2006 the state changed its allocation model to SB-361, a comprehensive reform to our funding. The SB 361 sets the rates for credit, non credit and enhanced non credit. The established rate is then applied to FTES numbers and determines the funding for the District.

Revenue Sources:

District revenue sources for the general apportionment come from property taxes, student enrollment fees and state apportionment. State apportionment is a "backfill" to shortfalls in property taxes. With home values going down property taxes are expected to go down. In addition, we are expecting a lot of non payments, delinquencies in property taxes that can ultimately affect our District.

Rachael Azimina asked if the property taxes are local or across the state. Mr. Legaspi responded that although it is across the state, it is still local property taxes from our service area of Alameda County. Ming-Lun Ho asked what the base is for property taxes and whether we will get penalized if we fall below that level. Mr. Legaspi said that it is based on the prior year rate plus any projections for increases and assessed values of the property in our service area. If the state does not have any money to backfill, then we are impacted. Linda Wilson asked if our District qualifies for the federal grant as a Hispanic Serving Institution. Dr. Barberena responded to Linda and said that we will know that in fall of 2009. However, the funds are not automatic, we need to apply for it and compete with other colleges.

Allocation of Full Time Equivalent Faculty (FTEF): currently, the FTES target for Chabot College is 10,414 and Las Positas College is 7,305. Dave Fouquet explained the FTEF calculation. The District looks at the different courses offered and the productivity level that we want to operate for those classes. Based on a certain productivity level at a certain enrollment projection the District projects the needed FTEF's. The percentage of credit FTES's are determined by last year's performance. The FETF target is generated based on that number, which is then multiplied by the WSCH to derive the FTES numbers. The WSCH number is generated from the FTES target and based on this number the FTEF is allocated to each category. The fall numbers will be discussed at the District Enrollment Management Committee meeting based on our funding from the state funding level.

Fulltime Faculty Adjustment: Each district is required to maintain a full time faculty obligation. Based on the enrollment numbers the state calculates the full time faculty requirement. Our District is at 299. There is a huge penalty if we fall below this number.

Dr. Pollard commented that the District needs to modify the current allocation model to incorporate service areas, so that during the year the sites do not have to come up with a budget contingency plan.

Mr. Legaspi indicated that the District Board policy is based on the old program based funding model. He has included a propose draft of the policy in this agenda.

In conclusion, Mr. Legaspi asked if the group needs him to bring up anything specific at the March 13th meeting. The meeting was adjourn at 1:45 p.m.

