

DISTRICT BUDGET STUDY GROUP

MEETING NOTES JUNE 19, 2009

Place: Las Positas College, Room 1601, 3000 Campus Hill Drive, Livermore, California

Attending: Bob Kratochvil
Bob D'Elena
Greg Daubermire
Heidi Ulrech
Jason Morris
Judy Hutchinson
Karen Zeigler
Kari McAllister
Ming-Lun Ho
Mike Absher
Pedro Ruiz-DeCastilla
Pushpa Swamy (non member)

The meeting was called to order at 12:30 p.m. by Lorenzo Legaspi, Vice Chancellor, Business Services. Mr. Lorenzo then discussed the following agenda items:

2009-10 Tentative Budget

This tentative budget is based on the Governor's May Revise. The tentative budget information was presented to the Chancellor's cabinet last Wednesday. It will be presented to the Board of Trustees next Tuesday the June 23rd. Based on the May revision the District needs to cut \$2,000,000 in 2008-09 and \$7,400,000 in 2009-10.

Budge Update

The Legislative Budget Sub-committee in Sacramento has proposed an additional \$115,000,000 in apportionment payments to be deferred from 08-09 to 09-10.

For 2008-09, there is \$85,000,000 across the board cuts to categorical programs with about 14.7% in certain categorical programs. The State has allowed flexibility to categorical funds. Any balances in 08-09 can be used to backfill other programs.

District's categorical balance as of three weeks ago is about \$3,000,000 with two more payrolls to post. It is estimated that there will be enough balances in the categorical programs to address the shortfalls.

Based on our District allocation model, following are proposed cuts:

Current Year 2008-09 Cuts

Unrestricted: \$596,000 for Chabot College
\$377,000 for Las Positas College
\$281,000 for District and M&O
Restricted: \$810,000

FY 2009-10 Cuts

Unrestricted: \$2,000,000 for Chabot College
\$1,200,000 for Las Positas College
\$1,000,000 for District and M&O
Restricted: \$1,900,000 for Chabot College
\$1,200,000 for Las Positas College

The total restricted cuts for the entire district is about \$3,100,000 and ongoing.

The revenues generated from the district enrollment rollback monies were used to fund other expenditure increases. These expenditures include:

Step and column increases, retiree health benefit and medical premium.

The increases in premiums for medical, dental and vision is about \$1,000,000 in 09-10.

These numbers were reviewed at the Board retreat two weeks ago and a set of guiding principles were established for the District. The District will maintain its schedule to serve 17,719 students. We will need to see exactly what the State will give us, and then make changes accordingly. Property taxes are not coming in as projected and there is no plan to backfill the shortfall. Again, more across the board cuts in 2009-10 for categorical programs to the tune of about 53%. The governor is eliminating the 3% enrollment growth for 2009-10. If we have a need for changes to the schedule of offerings we will involve the DEMC and CEMC. At this point the District is projecting and funding for about a 1.7% enrollment growth. The Governor is also proposing to cut PE funding from credit to non credit.

The District Chancellor is very committed to using layoffs as the last resort. We will look at freezing selected funded vacant positions and only fill critical, prioritized positions; and review non-instructional faculty positions. Eliminate or reduce overtime hourly and temporary positions. The Board is committed to maintaining our minimum reserve of 5%, leverage assets and pursue other sources of income. The solar panels at each college generate 20% to 25% of our electricity needs, a savings of about \$200,000-\$250,000.

The tentative budget is only a starting point in the development of our final budget which will be presented to the Board on September 1st. We will need this group's direction if we want to meet prior to the adopted budget presentation.

FY 2009-10 Budget Format

2009-10 budget revenues are based on the Governor's February proposal, and the proposed cuts. We delayed the cuts because we had some one time monies, but we need to address this in future years. Ending balance for 09-10 is \$8,901,000. This includes \$5,183,000, the 5% District reserve. There are additional reserves as well. Restricted ending balances are for categorical programs only and are not for general purpose. Interest on Measure B funds are restricted. The only thing available as of this point is the 5% reserve.

Some DBSG members requested that the M&O and District budget allocation percentages be separated and have available by the next meeting.

Next meeting is August 21, 2009 at Chabot College.

Meeting was adjourned at 1:45 p.m.