District Budget Study Group
Meeting Notes
December 13, 2008

Place: Chabot College, Room 302, 25555 Hesperian Blvd, Hayward, California

Attending: Gregory Daubenmire
Jason Morris
John Nahlen
Judy Hutchinson
Karen Zeigler
Laurel Jones
Melinda Matsuda
Mike Absher
Ming-Lun Ho
Pedro RuizDeCastilla
Rachel Ugale
Rachel Azimina
Tim Nelson
Pushpa Swamy (non member)

The meeting was called to order at 12:30 p.m. by Lorenzo Legaspi, Vice Chancellor Business Services He began the meeting by reviewing the agenda. He noted that only three attendees had previous experience with the DBSG forum. He asked the group for their input in the meetings and to communicate information back to their respective sites.

Mr. Legaspi asked the attendees to review the Board Policy regarding the DBSG. He then reviewed with the group as to how the District received funding from the State in the past (Program Based Funding Model) and the current system ("SB 361", the name of the bill which became the law). The Program Based Funding Model is based on the centers at District/M&O - square footage, District - staff support, Sites – student services, etc. The SB361 is based on the number of Full Time Equivalent Students (FTES) served, multiplied by a dollar amount per FTES. Districts then allocate funding internally.

Mr. Legaspi indicated that one of the first tasks at hand is to educate folks on the new funding model. The District still allocates funds the old way, even though we are funded by the new SB361 model.

The group reviewed the rules governing budget management, such as the 5% minimum Reserve (District General Reserve). A question was posed regarding the difference between "permanent" and "general" reserve. Mr. Legaspi clarified that the Permanent Reserve is the 5% minimum, and the General Reserve can include anything over the 5%.

Jason Morris asked if the funds from the Rollback of FTES to 06-07 were allocated. Mr. Legaspi clarified that these were one time monies and was not allocated to sites. The money will help us this year through any mid-year cuts proposed by the Governor. The reduction is anticipated at $5 million to the District and may go up as State deficit increases.

Ming-Lun Ho asked about the guideline for tapping into the 5% reserve. Mr. Legaspi said that the 5% reserve is for economic uncertainties. We can dip into the reserve during the year but the funds are to be replenished in the following year.

Mr. Legaspi reviewed items 9 & 10 of the Board policy #3110, noting that the FTES targets and allocation models will be reviewed annually. He noted that enrollment drives our budget and we need to look at reviewing the allocation model. There has not been any changes made to the allocation model in the past.

Laurel Jones commented that since we know we need to make changes to the Board Policy, i.e. State no longer uses Program Based Funding, how do we go about making changes to the Board Policy – is it reviewable or is this procedural? The first change is to explore SB 361. When reviewing SB 361 other possible changes to this Board Policy should also be looked at. Another conflict in Board Policy is the District Enrollment Management Committee (DEMC)/College Enrollment Management Committee (CEMC); it makes no mention of DBSG to review FTES targets.

Mr. Legaspi reviewed the FTES rollback to 07-08 – final FTES is 17,606, which is now the base FTES for 08-09.

Dave Fouquet asked for the split between credit and noncredit FTES for 07-08 as it affects enrollment management. Mr. Legaspi recommended that in one of the next few meetings the group should hold an in-service training on enrollment management.

Ming-Lun Ho asked what happens if we fall below the base FTES. Mr. Legaspi explained that if we do, the first year we are guaranteed funding up to the base. The District is considered to be in stability funding. Stability is part of the SB 361 law. For 08-09, we would be in stability if we do not reach base FTES. District has no incentive to go above the 17,606 FTES if no growth funding is available.

Mike Absher asked how growth is calculated. Mr. Legaspi replied that it is calculated above your base.

Ming-Lun Ho asked if there is a maximum FTES. Mr. Legaspi responded that the maximum FTES would be the growth cap by District (maximum funding available). If you grow above your maximum growth cap, there is no guarantee you will be funded for that growth.

Dave Fouquet noted that DEMC faculty members make recommendations to the committee that we allocate enough faculty FTEF to generate the base FTES. At least 17,606 is needed to generate the FTEF base for 09-10 fiscal year, or the District will lose funding.

Jason Morris noted that fall and spring semesters have higher faculty productivity. LPC has two plans for summer enrollment – if District decides to be in stability for 08-09, it will affect LPC's summer schedule.

Mr. Legaspi noted that it may make sense to beef up summer 2009 and summer 2010 enrollment to make the 09-10 FTES targets.

Mike Absher mentioned that we need to be mindful of the construction schedule for the summer months and be cognizant of other factors which could affect enrollment.

Mr. Legaspi asked the group about the spring 2009 enrollment. The response was, Chabot College is up 260 FTES and Las Positas College is up 300 FTES. However, this number can still drop since class drop-outs have not been processed yet.

Mr. Legaspi directed the group to page 20 of the Adoption Budget. The District has $3.8 million in undesignated fund balance to help us get through 2008-09. The $3.8 million is not ongoing reserves and cannot be spent on ongoing expenses such as salary increases. Mr. Legaspi wants to get feedback from the group on what they want to know.

Jason Morris pointed out that our reserves will not get us through the cuts if the State deficit is $41 billion. Mr. Legaspi responded that as we receive concrete information from the State, we can move ahead in a smart fashion. We will know more in January and February, after the Governor's 09-10 budget.

Dave Fouquet mentioned that based on the information from the Community College League of California, some community colleges were too reactive and cut too many classes. In general, we should not cut the revenue side.

Mr. Legaspi envisions that the goal for the DBSG group is to be well versed in budget and State funding process. He sees the group to be an extension of the District and to relay messages to the constituents. In addition, the DBSG group members can bring new ideas. The GASB 45, Retirement Liability in Health and Welfare Benefits is also to be reviewed with the DBSG group. He noted that this group is not about contract negotiations.

Dave Fouquet questioned the 14.2% allocation model to the District. Dave and Mike Absher brought up that the District Office management has had position upgrades and new management positions added. The campuses had upgrade for V.P Administrative Services from grade 20 to 21 but most upgrades were at District Office. Mr. Legaspi replied that the DBSG is about understanding the numbers and agreeing to it.

Mr. Legaspi reviewed the calendar for future meetings. It was agreed that the second Friday of each month is a suitable day. January meeting was changed to the 23rd and February meeting changed to the 20th. Mr. Legaspi asked the members to review the dates after the January meeting and changes to the future meeting dates will be discussed at the next meeting.

Mr. Legaspi recommended that at the next two meetings the group review the allocation model, SB 361 State funding model, and the Governor's January budget proposals.

The meeting was adjourned at 1:45 p.m.