MINUTES

Task Force Members

Present
Jim Buysse, Vice Chancellor, Administration and Finance
Aaron Brown, Associate Vice Chancellor, Finance
Norm Godin, Vice President, Business Services (Riverside)
Reagan Romali, Vice President, Business Services (Moreno Valley)
Michael McQuead, Associate Professor, CIS (Moreno Valley)
Peter Boelman, Associate Professor, Economics, Social & Behavioral Sciences (Norco)
Cindy Taylor, Outreach/Passport to College Coordinator (Riverside)
Carmen Payne, Secretary IV, Health Sciences (Moreno Valley)
Tom Allen, Associate Professor, English & Speech Communication (Riverside)
Mary Legner, Associate Professor, Mathematics (Riverside)
Meghan Skaggs, Treasurer, ASRCC (Norco)
Vickie Vega, Confidential Representative (Recorder)

Absent
Curt Mitchell, Vice President, Business Services (Norco)
Pam Kollar, Academic Evaluations Specialist (Norco)

I. Meeting was called to order

II. Minutes

The minutes of the November 6, 2009, December 11, 2009, and the January 12, 2010 meetings were reviewed and approved without change.

III. State Budget Update

- Dr. Buysse discussed what he learned about what’s going on in Sacramento:
  
  Highlights:
  
  - There is going to be a new deferral for FY 2009-10. An additional deferral of the March apportionment payment will occur with a commitment from the State that the payment will be made no later than April 6. The District took to the Board in February an increase to the maximum borrowing authorization for the current TRAN to help us with cash flow in April, May, June and July.
The LAO issued its analysis of the education proposals contained in the 2010-11 Governor’s Budget on 2-25-10:
- Raise community college student fees to $40 per credit unit and use to:
  • Provide enrollment growth funding
  • Reject negative COLA
- Reject cuts to EOPS and Part-Time Faculty Compensation.
- Reject $20 million augmentation to SB 70 CTE.
- Increase Flexibility:
  • Suspend the Full-Time Faculty Obligation.
  • Suspend or modify the 50 percent law.
  • Suspend limitations on contracting out for non-instructional activities.
  • Add more programs to the CCC categorical flexibility provision.

Dr. Buysse shared some highlights of his participation by conference call in the 2-19-10 ACBO Board Meeting.
- There will be no mid-year cuts for community colleges.
- State is estimating $1.7 billion more in revenue than anticipated… Not sure what the source is yet.
- ARRA Maintenance of Effort is barely being met – Hoping to avoid this next year.
- Some community college districts are looking at parcel taxes.
- Secretary of State authorized 69 initiatives to get signatures.
- Student Fees Bill – Fee increases on a moderate basis; however, we probably will not know for sure until late.
- EOPS and Part-Time Faculty Compensation cuts will probably go away.
- Will 2.2% Growth Funding and enrollment fee increase combined give us “insurance” against a broad base cut?
- STRS retirements are up 21% and retirement inquiries are up 18%. These numbers are quite large.
- We need to keep an eye on the Workload Reduction Report coming out around March 1st re: PE/Recreation/Fine Arts section cuts.
- There may be a freeing-up of about $55 million in State apportionments because San Mateo may become a Basic Aid District on July 1st.
- The State Chancellor’s office is still working on a new growth formula; however, there is a general feeling that proposed growth money will eventually go away for FY 2010-2011.
- There are approximately 88,000 unfunded FTES for the system as a whole at P1.

Dr. Buysse referred to the David Broder handout. California is not alone. “Some states are selling assets, including toll roads and office buildings” (see handout).

IV. Budget Outlook

Compressed Calendar – The Chancellor’s Office will allow a deferral until 2011-12 to implement. This is not just a reporting issue; it is a scheduling issue as well.
Accreditation – Board of Governors recognition is the key to triggering payment of additional apportionment and categorical funding.

Nothing new on the District’s FY 2010-11 projections. We are still looking at a $7 to $10 million problem.

Categoricals – The District is addressing how to move forward. Aaron distributed and discussed a handout “Categorical and Grant Programs Shortfall Analysis.”

State Categorical Flexibility Report is due March 12th.

Dr. Buysse referenced five items that could help with next year’s budget shortfall:

1. FTES Reduction in PE
2. Golden Handshake
3. Districtwide Reorganization
4. Categorical Reductions
5. Child Care and Performance Riverside Subsidy Elimination

V. **Budget Allocation Model**

- **Budget Savings Treatment**
  - We need to ensure a 5% Ending Balance.
  - What if someone doesn’t make it?
    - Categories of Expenditure.
  - VP’s agreed to bring back to the next DBAC meeting their game plan on treatment of Budget Savings.

VI. **Other**

- Center-to-College funding for accreditation of Moreno Valley and Norco dialogue:
  - Mike feels that Moreno Valley and Norco should get to keep all of the Center-to-College funding.

VII. **Meeting Schedule**

- Friday, March 12, 2010 – 9:00 a.m. to 11:00 a.m.
As the nation’s governors gather in Washington for their annual winter meeting, the states they lead are facing what one knowledgeable authority calls "a lost decade" of stagnant or declining revenues and budget crises.

Ray Scheppach, the man who used that phrase, has the credentials to call the situation "almost unprecedented." A veteran federal budgeteer, he has served as executive director of the National Governors Association for the last 27 years.

In an interview just before the opening of this year’s meeting, he told me that the most recent survey he’d conducted shows "the states have not bottomed out yet; they’re continuing to deteriorate. This year will probably be the worst for state budgets, and with the jobless recovery we’re having, we’re looking at a lost decade" before anything like normalcy returns.

In previous recessions, he said, lagging revenues meant that the worst budget years for states usually came two years after the recession formally ended. This time, the lag could be even longer, with several studies suggesting it may be 2014 or 2015 until revenues return to the level of 2008.

The governors’ think tank, its Center for Best Practices, has drafted a 15-page report detailing how they can go about "redesigning state government for the new normal." During one of the closed sessions, Republican Mitch Daniels of Indiana and Democrat Jennifer Granholm of Michigan, both from Midwest states that have felt the brunt of the auto industry collapse, will lead a discussion of the steps that will be required.

Scheppach told me that the realization is beginning to spread, among governors and legislators, that this is no ordinary downturn and there will be no quick bounce-back. Therefore, "the states will have to downsize permanently," he said.

Some states already are selling assets, including toll roads and office buildings. They are consolidating and coordinating services and combining agencies. The budget squeeze is forcing previously off-limits changes in the other main state expenditures for elementary, secondary and higher education. Pressure is growing for consolidation of small elementary and high school districts, and for increasing the teaching loads of college faculties.

When one considers the changes already underway in the states and the larger changes still to come, the Washington debate about balancing the budget through a bipartisan commission of uncertain membership seems almost academic.

As part of last year’s stimulus package, states received $135 billion in borrowed federal money to avoid layoffs of teachers and cuts in health care. "Without it," Scheppach said, "we would have gone under."
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