RIVERSIDE COMMUNITY COLLEGE DISTRICT
District Budget Advisory Council
February 11, 2011
Alumni House
1:00 – 3:00 p.m.

AGENDA

I. Welcome and Call to Order

II. State Budget Update

III. P1 Enrollment Report

IV. Chancellor Gray

V. 2016

VI. Next Meeting
   • March ___ 2011 (?)

VII. Adjournment
MEETING

Task Force Members

Present
Jim Buysse, Vice Chancellor, Administration and Finance
Aaron Brown, Associate Vice Chancellor, Finance
Jim Parsons, Associate Vice Chancellor, Strategic Communications & Relations
Norm Godin, Vice President, Business Services (Riverside)
Claude Martinez, Interim Vice President, Business Services (Moreno Valley)
Laurens Thurman, Interim Vice President, Business Services (Norco)
Michael McQuead, Associate Professor, CIS (Moreno Valley)
Tom Wagner, Associate Professor, Business Administration (Norco)
Pam Kollar, Academic Evaluations Specialist (Norco)
Tom Allen, Associate Professor, English & Speech Communication (Riverside)
Mary Legner, Associate Professor, Mathematics (Riverside)
Vickie Vega, Confidential Representative (Recorder)

Absent
Botra Ra Moeung, Educational Advisor – STEM Counseling (Riverside)
Meghan Skaggs, ASRCC (Norco)

Guest
Gregory Gray, Chancellor

I. Meeting was called to order
Dr. Buysse introduced Laurens Thurman, acting Vice President, Business Services for the Norco College.

II. Minutes
The minutes of the November 5, 2010, December 10, 2010 and January 21, 2011 meetings were reviewed and approved without change.

III. State Budget Update
Dr. Buysse updated the Council on State budget issues and distributed handouts relating thereto.
Handout #1 – A Press-Enterprise editorial by RCCD’s Chancellor Dr. Greg Gray regarding state regulatory reform.

Handout #2 – Article from the Community College league of California regarding the hit on the entire system and the implementation of a workload reduction.

Handout #3 – An editorial by Eric Kelderman – “As State Funds Dry Up, Many Community Colleges Rely More on Tuition Than on Taxes to Get By…..Misery Loves Company”

Governor is pressing to put tax extensions on ballot and pension reform will be used as a way to help persuade republicans to do so (see Scott Lay video). Dr. Buysse will forward video.

IV. Guest – Chancellor Gray

The Chancellor addressed the Council regarding RCCD’s proposed budget problem for the 2011-2012 fiscal year and distributed a handout identifying proposed solutions (see handout). These proposed solutions were developed with the Chancellor’s three principles in mind:

1. Have the least impact on students
2. Avoid layoffs if at all possible
3. Least impact on quality of education

Handout summary:

- Estimated size of budget problem: $ (18.41) million
- Contingency drawdown/positive budget variance: 4.64 million
- Proposed budget adjustments: 5.86 million
- Proposed budget strategies: 4.26 million
- Remaining budget problem: $ (3.65) million

The Chancellor, Dr. Buysse and Aaron Brown will be hosting several “Brown Bag Budget Sessions” to present FY 2011-2012 budget planning to the RCCD community.

An unexpected large number of individuals have come forward and offered savings suggestions to Dr. Gray.

Dr. Gray will be forming an “Efficiency Committee” to arrange for efficiency and audit of the entire institution. Some possible examples of issues to be looked at are:

- The need for hard copy of Board Books
- District cell phones
- Possible sale of property
- Unfunded FTES

V. Budget Allocation Model

Dr. Buysse indicated that the DBAC Survey results will be brought back to the council in a month or two.
Dr. Buysse would like the group to start thinking about what budget principles should be for the District with an eye towards 2016. Some ideas for consideration are as follows:

- Should there be a rule that operating expenses not exceed operating revenues?
- Is the 5% reserve sufficient? History is that the 5% was a prudent reserve. Should this be redefined?
- Funded FTES (growth funding). Don’t use the “growth fund” to fund the current budget.
- BAM – We need to come back and revisit.

**VI. Next Meeting**

- Friday, March 18th, - 9:00 a.m. to 11:00 a.m.
State shouldn't meddle in running colleges

By GREGORY W. GRAY

The Press-Enterprise editorial, "College mission" (Our Views, Jan. 25), argued that the state Legislature should decide which classes community colleges teach and which students receive a college education. Frankly, the paper's logic eludes me.

Isn't this the same Legislature whose partisan politics routinely gridlock the Capitol? That failed to pass a state budget on time in 17 out of the last 25 years? Whose average voter approval rating last rose above 40 percent a decade ago, and has since been falling steadily -- hitting 15 percent in 2008, 13 percent in 2009, and 10 percent last year?

My point is not aimed at individual senators and Assembly members. But a state legislative body simply is not intended, structured or equipped to oversee every function of government or society.

An inalienable truth is that California community colleges belong to their communities, not the state. Local boards elected by local voters govern them. In this way, community colleges can respond directly to the communities' needs.

Three underlying problems that arise from this disconnect are evident in the state legislative analyst's recommendations.

First, while the state dictates that community colleges accept any student who applies, it doesn't provide the level of funding to support this open enrollment policy.

Second, the state places a priority on increasing career technical education, yet doesn't recognize that these equipment-intensive classes cost colleges more to provide and should be funded at a higher level than general education courses.

Third, the state gives community colleges zero flexibility. It controls community college enrollment fees, community college budgets, the number of community college students served, and even the amount of facility space on community college campuses used to teach those students.

The "state Capitol is not a community, nor should it attempt to manage California's communities. Soon Sacramento will even mandate the way in which our trustees are elected, which will increase by more than $400,000 the election costs Riverside Community College District pays. It's time for the state to give community colleges what they need to do the job and get out of our way.

RCCD has been part of this community for 95 years. Our three colleges serve more than 100,000 students annually. We've built strong ties to industry, and partnerships with local businesses, public agencies, and educational institutions. A recent study indicated that RCCD enjoys an 89 percent favorable community rating. I am confident that our sister CCDs are well-regarded, too. Allow the "community" to run its "community" college.

Even though community colleges are the most direct path to the workplace for new graduates and unemployed workers, and the only path to higher education for many underprivileged students, we do not "expect to escape the fallout from the state's perpetual budget deficits." In fact, by July 1 when I will observe my second anniversary as RCCD's chancellor, we will have had to cut at least $40 million from our budget.

Community colleges are prepared to shoulder our fair share of the burden in order to get California back on sound financial footing. In return, we simply ask the state to step back so that we can do the job. What's needed isn't more regulation, but rather regulatory reform to allow us to control our own destinies. Recently, I met with several legislators, all of whom called for reform. I agree! The time for California to reform its control over community colleges so that we can fulfill our mission is long overdue.

Let us serve our communities and be governed by our communities.

Gregory W. Gray is chancellor of the Riverside Community College District.

#
February 9, 2011

Dear James,

Tick-tock.

We are now nearly halfway through the anticipated budgetary sprint, and the "deal" that will solve the state's $25 billion shortfall is still not clear. While most Republicans we talk to privately say "the votes will be there" to place temporary taxes on the ballot, the words are frequently followed with "but don't count on my vote." Meanwhile, Democrats don't want to cast their votes for cuts to their cherished programs until they are confident that a package deal will be reached.

So, where are we at?

The budget subcommittees are wrapping up their work this week. Unlike "normal" budget years, the subcommittees are not expected to vote on cuts, instead shifting the decision to larger committees where more legislators can share the burden of the awful votes. With the new "top two" primary system taking statewide effect next year, your enemy may not be the other political party, but a member of your own caucus.

Our sources expect that a deal to place the governor's balanced approach on the ballot to emerge sometime mid-March. This would allow for a June 7 election to consider the extension of the temporary tax hikes as they existed December 31, 2010.

The community college budget will likely look similar to the governor's proposal, although it would be a simple $290 million net reduction to the general apportionment as a "workload reduction." We will continue to have a statewide priority for transfer, basic skills, and career-technical education, and districts might be expected to provide specific reporting on how each district is managing enrollment.

We believe we have successfully defeated the "census change" proposal as well as some of the bright line rules ("100 units and you're out"). However, let's face it, we are rationing our community colleges, and we haven't always been the best at ensuring that first-time students get one of the cherished spots in our colleges. As I recently told you, virtually all of our lost students in 2009-10 were either first-time students or Californians who were returning after a period of time, likely because they were unemployed.

While course scrutinization and registration priorities are very difficult issues and quick "solutions" could easily throw our most educationally and economically disadvantaged populations under the bus, let's also acknowledge that "first come, first served" doesn't make sense when you are rationing an important public service.

We will keep fighting to ensure that you have the flexibility to adapt your college's curriculum and registration systems to meet the needs of your community. Meanwhile, let's acknowledge that we have been anything but perfect, and that this isn't business as usual.

I know it's painful to say "no" to those that believe our colleges must be all things to all people. Nevertheless, Theresa Tena (Director, Fiscal Policy) and I were lobbying in the Capitol last Thursday when the Capitol was full of severely developmentally disabled Californians. Let's face it. We do amazing
things in our colleges, but the magnitude of our cuts must be put into perspective with the cuts that intervene with an individual's ability to eat, breathe, and live.

We will drop from a $6.3 billion system to a $6 billion or $5.8 billion or $5.5 billion system. That'll be up to the voters, and The League will aggressively make the impact on community colleges clear. The cuts will be painful, and we may say goodbye to some of our dear friends. Nevertheless, we will be okay. We will continue to be the largest higher education system in the country, and your work at our colleges will continue to open doors of opportunity for people like me.

Thank you for what you do.

Sincerely,

Scott Lay
President and Chief Executive Officer
Orange Coast College '94

Community College League of California
2017 O Street, Sacramento, California 95811
916.444.8641 . www.ccleague.org
As State Funds Dry Up, Many Community Colleges Rely More on Tuition Than on Taxes to Get By

By Eric Kelderman

Community colleges have traditionally been the most public of public higher education, receiving a much higher proportion of their revenue from state and local taxes than four-year institutions do, and typically serving a wider range of students - in terms of age, income, and ethnicity - at lower prices.

But community colleges, like many public universities before them, are experiencing a shift in their public identity. In some states, students' tuition dollars have surpassed state and now accounting for more than half of community college budgets. Passing that threshold threatens to undermine the institutions' educational and economic missions.

This academic year, for the first time, Iowa's community colleges received more than half of their combined operating budgets from tuition. But students are not necessarily getting more for their money. Less than a third of the colleges' budgets now come from the state, and state budget cuts have led to fewer faculty members in some programs, and with reduced campus services.

The shift in Iowa, and elsewhere, has occurred gradually over the past several decades. State support for Iowa's community colleges has been eroding since 1980, when tuition made up about a quarter of their budgets, and the state kicked in about half. Since that time, enrollment has grown nearly three times faster than state appropriations, while the contribution from property taxes has remained essentially flat.

Tuition then surpassed the amount of state appropriations in the national recession in 2007, becoming the largest source of revenue for Iowa's community colleges: 45 percent of their budget.

The colleges are beginning to be strained by the increasing demand, says Steven Ovel, executive director of governmental relations at Kirkwood Community College. "We have too many waiting lists and high-demand programs."

Questions about who should foot the bill for college go beyond philosophical issues, such as whether a college education should be viewed as mostly a private or a public good. The primary source of a college's budget can change its educational mission, forcing campus leaders to focus more on the bottom line than on the needs of the community. With less and less state money, higher-education experts warn, two-year colleges may be compelled to limit access to expensive programs, including those that provide training for much-needed workers in technological and health-care fields.

"What will happen is that the programs will be capped and will not be expanded, despite the growing demand for those high-wage, high-demand jobs," says Stephen G. Katsinas, a professor of higher-education administration and director of the Education Policy Center at the University of Alabama.

Tuition and state appropriations have long been on opposite trajectories, especially at flagship institutions like the University of Colorado, the University of Michigan, and the University of Virginia. All campuses where state money makes up less than a quarter of the general operating budget:

Tuition revenue surpassed state support at Colorado in the 1991-92 academic year and now amounts to more than four times as much. At Michigan, tuition revenue accounted for more than half the general fund in 1993-94. Tuition is more than 50 percent of the academic budget at Virginia, and nearly three times as much as state aid.

The University of California system, which has long boasted one of the lowest costs for in-state students, has warned that proposed state cuts for the next fiscal year would cause tuition revenue to surpass the amount of state money the system receives.

"The crossing of this threshold transcends mere symbolism and should be profoundly disturbing to all Californians," said Mark Yudof, president of the university, in a response to Gov. Jerry Brown's proposed $300-million cut for the system.

By one measure, California would be joining the rest of the nation. On average, students at public research universities paid about 51 percent of the costs of their education in 2008, according to the Delta Project on Postsecondary Education Costs, Productivity, and Accountability. By comparison, students at community colleges paid, on average, about 31 percent.

Although states, in general, pay a larger share of the educational costs at community colleges, those institutions generally receive far less state money than the sums flowing to public four-year colleges. Only about one-fifth of all state appropriations for higher education go to two-year colleges, according to the American Association of Community Colleges.

And two-year colleges face greater challenges than four-year institutions do. Nearly 40 percent of all undergraduates are enrolled in two-year colleges, including a large propor-

Tuition Accounts for Half of Revenues at Iowa’s Community Colleges

Since 1980, tuition has grown from less than a quarter of the revenues at Iowa's community colleges to more than half, as increases in state appropriations have failed to keep pace with enrollment, and property taxes have remained essentially flat. Consequently the burden of paying the costs of the public institutions has shifted from the state and local governments to students.

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<thead>
<tr>
<th>PERCENT OF TOTAL REVENUE</th>
<th>2010: For the first time, tuition and fees account for a larger portion of total revenue, from any source.</th>
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<tr>
<td>Tuition and fees</td>
<td>50%</td>
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<tr>
<td>Local</td>
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<td>State</td>
<td>10%</td>
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<td>Federal</td>
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<td>Other</td>
<td>10%</td>
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<th>2002: For the first time, tuition and fees account for a larger portion of total revenue than state funds do.</th>
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<td>Tuition and fees</td>
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<td>120,000</td>
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<tr>
<th>ANNUAL ENROLLMENT</th>
<th>2010: 120,000</th>
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<td>1980</td>
<td>37,889</td>
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<td>1990</td>
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<td>2000</td>
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<td>2010</td>
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Source: Iowa Association of Community College Trustees
portion who come from low-income families and minority groups, and many who have less academic preparation than do students admitted to four-year colleges.

**A Leading Edge**

Iowa’s 15 community-college districts are among the first to cross the budgetary line, but the factors that have led them to rely more on tuition than on any other source of money are common in higher education. Enrollment has grown while state aid has failed to keep pace in state and federal sources. He said that colleges are facing difficult financial situations, suggesting that state aid is the leading edge of a trend.

In 1980 to 1986, enrollment at Iowa’s two-year colleges nearly tripled, from 38,000 to more than 100,000. But state appropriations increased by only 30 percent, adjusted for inflation. Revenue from local property taxes that support the colleges declined by 13 percent over the same period, according to the Iowa Association of Community College Trustees.

As a result, tuition this year accounts for 54 percent of the community-college system’s general-fund revenue, while state support has fallen to less than 3 percent.

The two biggest effects of the declining state support are that the colleges must increase tuition “in a population that doesn’t have a lot of money,” and more and more the faculty workload to handle the increased enrollment, says Donna Kirkgaard, a trustee at Northeast Iowa Community College.

Patricia A. Keit, chancellor of the Eastern Iowa Community College District, which enrolls about 60,000 students on campuses in three counties, says the recent economic downturn has simply accelerated some of the pressures that were already at work. Enrollment increased by nearly 20 percent this fall, she says, while state appropriations fell by 12 percent.

After offering incentives for early retirement, the district eliminated 28 full-time positions, about half of which were faculty jobs. One of the colleges no longer has any full-time instructors teaching mathematics.

But it was more than 5 percent to cover part of the lost state money, but if tuition were to increase by the amount needed to replace all of the lost money from the state, the programs would be too expensive for many students, Ms. Keit says. Instead, the colleges may have to resort to adding fees to their lowest-priced programs, such as welding and nursing.

At Kirkwood, which enrolls more than 18,000 students in five counties, enrollment grew by more than 18 percent from 2000 to 2010, says Mark Steinerich, the president. On his campus, revenue from tuition surpassed state money in 1998. Less than 30 percent of the college’s budget now comes from the state, while nearly two-thirds is covered by tuition, he says.

Although students are paying for a larger share of the college’s budget, in some cases they are getting fewer services. The decrease in state money combined with the increase in enrollment has put “extreme pressure” on support services, such as registration, financial-aid counseling, and academic advising, Ms. Steinerich says. The college added a few support workers, he says, but not enough, "to put a dent" in the 28 percent needed for the new students.

State Rep. Greg Forristall, a Republican who is a member of the Iowa House of Representatives’ education committee, says, "There’s no lack of attention," he says. "The state has had budget problems, and Iowa is no exception." And he argues, the fiscal difficulties have not had a noticeable impact on the quality of education offered. "The community colleges," he says, "have done an excellent job of maintaining, even with a lack of state support.

He adds that the coming budget session will require lawmakers to make difficult choices. Iowa is expected to end this budget year with a $307-million surplus, but it still faces a projected $200-million revenue shortfall, about 6 percent of the state’s budget for the coming fiscal year, which begins in July. Gov. Terry Branstad, a Republican, says he wants to use the surplus money for tax cuts rather than pay off the shortfall or add money to state programs.

**South Carolina Squeezes**

The downward trajectory of state aid in South Carolina is among the steepest in the nation. In 2003, state appropriations made up 60 percent of community-college budgets and was pared with about 40 percent from tuition. But by the end of the 2009 fiscal year, tuition dollars accounted for 55 percent of two-year-college budgets, and state support had plummeted.

This year the state spent 11 percent less on higher education than it did in 2006, while enrollment has increased as much as 30 percent at some technical colleges. Over 11 of the technical colleges’ revenues, and far more on some campuses. As state dollars have dwindled, tuition has increased, on average, by 17 percent since 2006.

With more budget cuts likely in the coming fiscal year, the president of Midlands Technical College, Marshall (Sonny) White Jr., has even planned for how his campus would operate without any state appropriations at all. The college receives just 10 percent of its operating money from state appropriations, down from 40 percent in 2000.

Although a complete cutoff of state money seems unlikely, Mr. White says, there is no longer out of the question. "We would be told by some legislators, ‘You ought to be prepared.’"

He began two years ago, by...
Riverside Community College District
FY 2011-2012 Budget Problem/Proposed Solutions
Resource 1000

FY 2011-2012 Budget Problem
Contingency Drawdown from $11.26M to $8.04M to get to 5% Reserve Level
Positive Budget Savings Estimate for FY 2011-2012
FY 2011-2012 Remaining Budget Problem

$ (18.41)  
3.22  
1.42  
(13.77)

Proposed Budget Solutions

Budget Adjustments

1. FY 2009-2010 Apportionment Adjustment at P1 Recalc
2. DSPS Adjustment/Categorical Backfill Reduction (FY 2010-2011 Savings)
3. DSPS Adjustment/Categorical Backfill Reduction (FY 2011-2012 Savings)
4. PERS adjustment (14.0% to 13.3%)
5. No Additional BCTC Academy
6. Payoff Major Gifts Campaign from (Resource 4130 La Sierra Capital)
7. Elim Perf Riv Neg Bal to Incr Res 1000 FB (Resource 4130 La Sierra Capital)
8. Outsource Dispatch Operation
9. Eliminate March Dental Education Center Rent
10. New Facility Cost Adj (Nursing/Sci $.70; Sec Effects & NOC Norco $.14)
11. Est Vacancy Savings, including Non-Rehires

Total Budget Adjustments
FY 2011-2012 Remaining Budget Problem

0.40  
0.36  
0.36  
0.24  
0.34  
0.90  
0.73  
0.30  
0.11  
0.84  
1.28  
5.86  
(7.91)

Proposed Budget Strategies

1. Reduce Printing of Class Schedule
2. Eliminate Winter 2012 (2,219 FTES/560 Sections)
3. Reduce Summer 2011 (606/FTES/176 Sections out of 2,216 Total FTES)

Total Proposed Budget Strategies
FY 2011-2012 Remaining Budget Problem

0.05  
3.03  
1.18  
4.26  
(3.65)