RIVERSIDE COMMUNITY COLLEGE DISTRICT
District Budget Advisory Council
June 14, 2012
Digital Library - DL 409
9:00 - 11:00 a.m.

AGENDA

I. Welcome and Call to Order
II. Survey Results with Daniel Martinez
III. Approval of Minutes
IV. Budget Update
V. Tentative Budget
VI. Next Meeting
   • August ?, 2012
VII. Adjournment
MEETING

Members

Present
Jim Buysse, Vice Chancellor, Administration and Finance (District)
Aaron Brown, Associate Vice Chancellor, Finance (District)
Norm Godin, Vice President, Business Services (Riverside)
Laurens Thurman, Interim Vice President, Business Services (Norco)
Tom Allen, Associate Professor, English & Media Studies (Riverside)
Tom Wagner, Associate Professor, Business Administration (Norco)
Michael McQuead, Associate Professor, CIS (Moreno Valley)
Pam Kollar, Classified Representative (District)
Gustavo Segura, Classified Representative (Moreno Valley)
Mary Legner, Professor, Mathematics (Riverside)
Rikki Hix - Student (Riverside)
Vickie Vega, Confidential Representative (Recorder)

Absent
Botra Ra Moeung, Classified Representative (Riverside)
Jim Parsons, Associate Vice Chancellor, Strategic Communications & Relations (District)
David Bobbitt, Interim Vice President, Business Services (Moreno Valley)

Guest
Daniel Martinez

I. Meeting was called to order

II. Survey Results
Daniel Martinez reviewed the survey results with the group:

- The responses were sorted by ascending order by “Agreed”
- Moreno Valley had more responses than the previous survey
- The number of responses for Riverside, Norco and the District were about the same as the last survey
- Daniel strongly recommends that the group tie the questions to accreditation substandards categories
The group made the following recommendations:

- The responses need to be sorted by entity to keep the information the same as the last survey
- As evaluations of the survey needs to be completed and reported out by November 30, 2012
- Recommendations will need to go to the District Strategic Planning Committee
- The next survey:
  - Linkage between the BAM and planning at the District level and College level
  - Mapped to address accreditation questions:
    - Participation
    - Effectiveness
    - Awareness

Daniel will get together with Dr. Buysse to work on refirming the survey results for presentation at the next DBAC meeting.

III. Minutes
Legner moved and Kollar seconded approval of the minutes of March 16, 2012. Motion carried.

IV. Budget Update
Dr. Buysse updated the group on current issues regarding the State budget (see handout):

- CASB court case - Potential State manipulation of Prop. 98
- Possible redevelopment shortfalls
- Possible tax proposal failure
- $4.42 million at risk, and possible workload reductions
- LAO projection of reduced revenues with a potential hit to RCCD of $7.0 million

Dr. Buysse also discussed the May 15, 2012 May Revise (see handout):

- $400 million ongoing cuts
- Summer fee increase to $46 per unit
- Apportionment shortfall
- Possible State seizure of redevelopment funds
- Tax proposal - Six year tax increase for a temporary fix
- Additional $102 million in cuts

We need to minimize the effects on students, and to help them achieve their goals. Our situation is getting difficult.

Tom Allen and Norm Godin suggested that we cut summer all together.
VI. **Next Meeting**
June 14, 2012 - 9:00 a.m. to 11:00 a.m. (DL 409)

Agenda Items: Daniel Martinez to bring back the Survey Results
Here are the six dominoes. They probably don't work by simple addition of the six, although I suppose they could, as some will interact with others in ways that will lessen the total amount. It's also hard to imagine that each would be felt to the worst case level. Having said all that, if they all fall the wrong way, it could still be extraordinarily severe in effect.

1. CASB court case. Observers say that it looks like the State will prevail. If so, the State will then apparently have a fairly free hand in manipulating Prop 98. Can't quantify this one. It's more or less a hunting license for the State in managing the effects of the other dominoes.

2. Supplanting $147 million of State funding for the CCC with redevelopment monies in the 2012-13 budget. Projections of redevelopment funding coming to the State are, by all accounts, quite iffy. So any shortfall here becomes a budget cut which may or may not be restored in the succeeding fiscal year. Worst case scenario...no funds are realized and RCCD would take a $3.53 million hit.

3. Basically the same as #2 except that there's chatter that this may also yet happen in the current year.

(Re: #'s two and three, would the CCC really receive zero redevelopment funds in both years? Probably not, but rumor has it that the State is not receiving the $1.7 billion it budgeted for this year, so in my mind, I have to wonder how anything could come to the CCC until such time as the State has received more than the $1.7b...and if they don't receive $1.7 b this year, where does that leave them, and the CCC, next year.)

4. Failure of the tax proposal...Was estimated by CCLC as a hit to RCCD of $6.3 million, but that's risen to $7.0...and it could go higher if the LAO is on target with revenue estimates, which seems to be the case that's playing out.

5. The loss of $149 million in the current year, shortly after the Governor released his January budget proposal, might not be restored for 2012-13. $4.42 million is at risk for us, and this could be accompanied by workload reduction.

6. The LAO has projected State revenues at $6.5 billion less than State Finance for the two fiscal years in the 2011-13 period. State Finance numbers are what's in the 2011-12 budget and 2012-13 budget proposal. If the LAO is right, and at the moment it would appear they're more or less on target, that's a potential hit of $7.0 million for RCCD.

Finally, workload reduction could follow any hits on the system, and pressure could mount for an even larger hike in the enrollment fee. The situation is fluid, with many moving parts. The best thing to do now is see what the Governor's next move is in the May Revise.
2012-13 State Budget
Overview May Revise
ACBO May 23, 2012

California Community Colleges Chancellor's Off.
Community College League of California
2011-12 Budget

• At budget enactment:
  • $400 million ongoing general fund cut
  • fee increase to $36 per unit effective fall

• January mid-year actions:
  • Additional cuts totaling $102 million
  • Fee increase to $46, effective summer
  • Effective ongoing cut of $385 million
2011-12 Threats

• Apportionment shortfall now estimated from student fees ONLY (at this point in time!)

• Exhibit C figure estimated $130 million

• Public Advocacy figure estimated @$100 million attributed to enrollment fee shortfall
2011-12 Threats

• Governor still proposes taking $116.1 million for redevelopment money expected in current year.

• Bad News: “Hold” on $192 million General Apportionment May Payment.

• If CY shortfall increases to $216 million equates to 4.3% deficit factor
Community College Scenarios

**Scenario A**
- $313.1 million “deferral buy-back”
- Mandates block grant of $28/FTES

**Scenario B**
- ~$286.5 million triggered cut
  - 6.2% workload reduction (-63,888 FTES)
- Mandates block grant of $28/FTES

Categorical Consolidation Both Scenarios
$411.6 million
BY RDA Technical Adjustments

- $341.2 million of 2012-13 funds are from “expected” redevelopment money
- $140.3 million ongoing revenue from redirection of tax increment to property taxes
- $200.9 one-time from a “recovery of cash assets”
- Community colleges would get to keep $16m as incentive to wind down redevelopment
Downside Risk!

- **Scenario A** Receive $313 million deferral buy-down and maybe a local revenue shortfall of up to $341 million RDA/property taxes equates to 7.3% deficit factor which may translate into 71.4K less FTES

- **Scenario B – WORST, WORST CASE**

  NO $313 million deferral buy-down

  Programmatic Reductions $286.5 million equates to 6.2% workload reduction and 63.8K less FTES

  RDA/Property tax local revenue shortfall equates to 7.3% deficit factor which may translate into 71.4K less FTES
Thoughts

• We agree with the governor’s call for new revenue.

• Community colleges have been cut $809 million since 2008-09, and have foregone 15.8% in cost-of-living adjustments. Tax measure would restore Prop. 98 to 2007-08 funding levels in 2014-15.

• The manipulation of Prop. 98 by adding general obligation bond service may be unconstitutional and is a sleight-of-hand cut to schools/CCC.

• We are very concerned about programming all these funds into a “positive trigger” given the tremendous amount of downside risk. K-12 groups are lining behind deferral buy-down
Budget Risks

- Tax measure is politically uncertain and costly.
- Revenues are highly variable, with or without tax measure.
- Planning will be difficult. Workload reduction of 6% will be decided in November and local revenue shortfalls of up to 7%.
- Redevelopment funds may not materialize in either the current ($116.1m) or budget years ($341.2m).
- Student fee shortfall with more BOG waivers as fees go to $46/unit.
- Enrollment declines possible in some districts, particularly rural colleges with a proposal to triple neighboring state student fees to $138/unit.
The Budget Timeline

• May 14: Governor releases May Revise
• Next four weeks: budget hearings and conference committee
• June 15: Constitutional deadline for Legislature to send budget to governor
• November 6: General Election
• January 1, 2013: trigger reductions take effect if revenue targets are not met
DISTRICT BUDGET ADVISORY COUNCIL
SURVEY RESULTS
SPRING 2012

DR. DANIEL MARTINEZ
ASSOCIATE DEAN, INSTITUTIONAL RESEARCH
My assignment is:

- District: 21.4%
- MOV: 17.9%
- NOR: 21.4%
- RIV: 39.3%
My position in the district is:

- Management: 45.8%
- Faculty: 27.1%
- Staff: 23.7%
- Student: 3.4%
My level of knowledge about the budgetary process at the district or college:

- **Very**
  - District: 12.4%
  - College: 17.7%

- **Reasonably**
  - District: 26.5%
  - College: 50.4%

- **Somewhat**
  - District: 30.1%
  - College: 23.0%

- **Minimally**
  - District: 28.3%
  - College: 5.3%

- **Not**
  - District: 2.7%
  - College: 3.5%
My involvement in the budgetary process at the district or college:

- Extensively Involved: 3.6%
- Somewhat Involved: District - 24.1%, College - 41.6%
- Minimally Involved: District - 31.3%, College - 30.1%
- Uninvolved: District - 41.1%, College - 11.5%
The district BAM is easy to understand.

The district BAM takes into consideration funding for new positions necessary for program growth.

The district budget allocation process has encouraged participation and input from the lowest applicable level (the office where the money is actually spent).

The district BAM allows the college/district to respond to immediate crisis.

I believe the district-wide budget allocation processes are data driven.

The district BAM is regularly evaluated and assessed.

My entity (district/college) has received its fair share of the operating budget.

The district BAM encourages enrollment efficiencies through incentives.

The district BAM takes into consideration funding for new positions necessary for program growth.

The district BAM is easy to understand.
During discussion of how the district budget allocation process might be made, I was made aware of both the short and long term impacts of various budgetary decisions.

The district budget allocation process has been student centered.

The district allocation process is based on institutional planning documents.

The district budget allocation process has encouraged input from all levels of the college/district community including students.

The BAM takes into consideration new programs and initiatives.

The district BAM supports strategic planning.

The district BAM provides for multi-year planning.

The district BAM effectively supports the district/college mission and goals.

The district budget allocation process has been student centered.
The district BAM allows for financial stability in times of state budget difficulties.
The district allocation process provides for funding district/college improvements.
During the past year my college had significant responsibility for its own budget processes (if you are a district employee please select N/A).
The district budget allocation process supports long-range planning.
The district BAM has been broadly communicated.
The district BAM takes into consideration operating costs for new facilities.
The district budget allocation process has been collegial.
The district BAM promotes efficiency and rational decision-making.
I am aware of major regulatory and legal constraints that impact our budget.

The district BAM insures a contingency reserve of at least 5% of total available funds.

The district BAM takes into consideration the impact of base budget adjustments such as the COLA, step/grade increases, utility cost increases and other fixed cost changes.

The district BAM supports operational planning.

The district BAM provides a sense of stability and financial predictability.

The district BAM provides for long-range liabilities and obligations.

I believe the district BAM will change as needed to meet strategic goals and economic realities.

The district BAM supports operational planning.
2011 VS. 2012
The district allocation process is based on institutional planning documents.

My entity (district/college) has received its fair share of the operating budget.

DBAC Survey, 2011 vs. 2012, All Respondents
The district BAM supports operational planning. The district BAM is regularly evaluated and assessed.

DBAC Survey, 2011 vs. 2012, District Respondents

- The district BAM supports operational planning.
- The district BAM is regularly evaluated and assessed.
The district budget allocation process has encouraged participation and input from the lowest applicable level (the office where the money is actually spent).
The district allocation process is based on institutional planning documents.
The district BAM has been broadly communicated.
The district BAM allows the college/district to respond to immediate crisis.
The district BAM allows for financial stability in times of state budget difficulties.
The district BAM takes into consideration funding for new positions necessary for program growth.
DIFFERENCES IN RESPONSES
ALL, 2011 VS. 2012
The district budget allocation process has been student centered.
During the past year my college had significant responsibility for its own budget processes (if you are a district employee please select N/A).
The district allocation process is based on institutional planning documents.
The district BAM insures a contingency reserve of at least 5% of total available funds.
My entity (district/college) has received its fair share of the operating budget.
DIFFERENCES IN RESPONSES
DISTRIC T, 2011 VS. 2012
The district BAM supports strategic planning.
The district BAM supports operational planning.
The district BAM allows the college/district to respond to immediate crisis.
The district BAM is regularly evaluated and assessed.
The district BAM insures a contingency reserve of at least 5% of total available funds.
DIFFERENCES IN RESPONSES
MORENO VALLEY COLLEGE, 2011 VS. 2012
The district BAM has been broadly communicated.
The district BAM takes into consideration funding for new positions necessary for program growth.
The district BAM takes into consideration the impact of base budget adjustments such as the COLA, step/grade increases, utility cost increases and other fixed cost changes.
I believe the district BAM will change as needed to meet strategic goals and economic realities.
DIFFERENCES IN RESPONSES

NORCO COLLEGE, 2011 VS. 2012
The district allocation process is based on institutional planning documents.
The district BAM has been broadly communicated.
The district BAM allows the college/district to respond to immediate crisis.
The district BAM provides a sense of stability and financial predictability.
The district budget allocation process has been student centered.
The district budget allocation process has been collegial.
The district budget allocation process supports long-range planning.
The district budget allocation process has encouraged participation and input from the lowest applicable level (the office where the money is actually spent).
During discussion of how the district budget allocation process might be made, I was made aware of both the short and long term impacts of various budgetary decisions.
During the past year my college had significant responsibility for its own budget processes (if you are a district employee please select N/A).
The district BAM takes into consideration funding for new positions necessary for program growth.