



GROSSMONT-CUYAMACA  
COMMUNITY COLLEGE DISTRICT

## ***DISTRICTWIDE STRATEGIC PLANNING & BUDGET COUNCIL***

### **Special Meeting Notes - August 3, 2009**

ATTENDING: C. Chiriboga, J. Colson, S. Cooke, J. Fenningham, T. Flood, C. Hill, J. Mahler, J. Marron, C. Miles, D. Miller, T. O'Hare, S. Pereira, D. Quittner, S. Rearic, B. Sampson, A. Satele, M. Wangler, P. Wright

ABSENT: B. Carino, N. Comer, T. Pitt, M. Valenzuela

ALSO ATTENDING: G. Barr, J. Buckley (for T. Pitt), J. Newmyer, S. Howell (for N. Comer)

RECORDER: P. Tillery

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S. Rearic welcomed members to the first DSP&BC meeting conducted as a "going green" meeting. Meeting discussion documents were displayed electronically, instead of hard copy distribution.

Rearic called upon members to introduce themselves.

Chancellor Miles requested that a discussion item be added to the agenda: Update from Strategic Planning writing team.

#### 1. Report of DSP&BC Budget Task Force

The DSP&BC Budget Task Force report was distributed electronically prior to the meeting.

J. Newmyer reported on the DSP&BC Budget Task Force analysis of the budget system:

- Accuracy of Information: During the analysis of the accuracy of information presented in the Adoption Budget, data in the Adoption Budget for the past four years was checked against data submitted to the State Chancellor's Office via the CCFS 311 and 320 reports. In all cases the data in all documents was consistent with information submitted to the State.
- 50% Law: The Task Force reviewed the District's 50% Law submittals for the past two years. The District's percentage is over 55%, which is among the highest in the State.
- Equalization Funds: The Task Force report explained that equalization funds were distributed directly to the two colleges in proportion to their FTES, with no funds provided to District Services or to Districtwide. The colleges then included equalization funds with their other allocations and distributed funds to the various programs and services at the colleges.

- Ending Balances: During analysis of the District's ending balances as presented in the Adoption Budget for fiscal years beginning in 2004/05, the Task Force found that actual ending balances have been larger than projected ending balances. While it is expected that actual ending balances will be larger than projections due to commitments for such things as purchaser order carryovers and bargaining commitments, ending balances were larger than would be expected.

The Task Force report included a discussion of the practice of budgeting all available funds and the apparent practice of funding expenditure accounts at levels that would not be completely spent. This practice sometimes gives the appearance of a practice called "over budgeting". The Task Force recognized that the practice of budgeting all available funds is not unreasonable based on the Income Allocation Formula that recognizes that budget sites will retain balances remaining at the end of the year.

The report assumed that the practice of allocation all funds to an expenditure account is used to that the four budget areas have maximum flexibility for operations throughout the year, and suggested placing unspent funds in discretionary accounts into a holding account that would require Board approval to move to an expenditure account. Due to the major budget shortfalls anticipated in 2009/10 and 2010/11, the report pointed out that this past budgeting practice would be impractical, but for the future account numbers could be established that could be used as holding accounts. The accounts would be identified as reserve funds that would be available later in the year for transfer to expenditure accounts.

- FTES: The report included a definition of a Full-time Equivalent Student (FTES) as one or more students who attend a class or classes for 525 hours, and is applicable to noncredit classes and credit classes that meet on an irregular basis and for open-entry open-exit classes.
- Improving Communication and Building Trust: The report concluded by saying that the implementation of recommendations involving ending balances could help eliminate some of the concerns concerning the District's budgeting practices, and that any improvement in transparency would build trust in the budget documents produced at every level. Additional recommendations to achieve transparency were also included:
  - Provide standardized training for new managers with budget responsibility.
  - Develop a list of frequently asked questions (FAQs) concerning budget and post on the District web site. Suggested FAQs were included.
  - Extensive use of open forums to communicate budget information to staff.

## 2. 2008/09 Year-End Status

Rearic discussed accruals and purchase order carryovers (POCOs). A handout was distributed regarding POCO at June 30, 2009, that will be carried over to 2009/10.

## 3. 2009/10 Budget Update

- FTES – A handout was distributed regarding FTES actuals for 2008/09 and discussions for 2009/10 FTES. Rearic reported that the State changed the funded FTES rate for 2008/09 from 18,508 to 18,382. The revised CAP for 2009/10 is 18,751. Mid-year workload reductions are anticipated that could reduce FTES by three (3) percent,

resulting in a CAP of 18,205. A three (3) percent reduction to funded FTES would equal \$2,648,000.

Rearic suggested that the Council consider reconvening the FTES Task Force to address the revised goal.

- Standards of Good Practice for Conserving Resources: A handout was distributed regarding the new expectations for conserving resources throughout the District. Members were asked to share the information with their constituencies.
- Consolidating Class Schedules and Catalogs: As announced in the Chancellor's *Budget Update #9*, the two colleges' class schedules and catalogs will be consolidated. It was suggested that a workgroup be established regarding the consolidation of schedules and catalogs. Interested members were asked to forward their names to Rearic.

At the conclusion of the meeting, Chancellor Miles commented that the Budget Task Force had validated the District budget and reductions. She said in addition to the Tentative Budget reductions of \$4 million, another \$2 million in budget reductions has been identified. Additionally, numbers are still being calculated on the Early Retirement Incentive (ERI), but the tentative amount is approximately \$1.2 million in savings. Even with the identified reductions, the District is still facing a \$2.7 million shortfall, which does not consider mid-year cuts and categorical cuts.

Chancellor Miles said that it was imperative that we inform our constituencies of the work that has been done to identify budget reductions and of the tough decisions made to protect jobs.