AGENDA

I. Welcome and Call to Order
   - Review minutes of November 21, 2008 meeting

II. Budget Allocation Model
   - FY 2008-2009 and FY 2009-2010 Budget Reduction Strategies
     • Methodologies
     • COLA and Salary Savings
     • Communication
     • Timelines
     • DO/DSS/Campuses
   - Allocation of Grant Department Costs
   - New and Vacant Position Funding Allocation Methodology
   - Treatment of Budget Savings and Base Budget Adjustments

III. Other
   - Strategic Enrollment Management

IV. Next Meetings (all from 9:00 – 11:00 a.m.)
   • Friday, December 19, 2008 – Citrus Room
   • Friday, January 9, 2009 – Citrus Room
   • Friday, January 23, 2009 – Citrus Room

V. Adjournment
MINUTES

Task Force Members

Present
Peter Boelman, Associate Professor, Economics, Social & Behav. Sciences (Norco, for Tom Wagner)
Aaron Brown, Associate Vice Chancellor, Finance
Patti Braymer, Interim Vice President, Business Services (Moreno Valley)
Jim Buysse, Vice Chancellor, Administration and Finance
Becky Elam, Vice President, Business Services (Riverside)
Norm Godin, Vice President, Business Services (Norco)
Beth Gomez, District Budget Manager
Pam Kollar, Academic Evaluations Specialist (Norco)
Angel Lopez, Chief of Staff, ASRCC (Norco)
Michael McQuead, Associate Professor, CIS (Moreno Valley)
Carmen Payne, Secretary IV, Health Sciences (Moreno Valley)
Meghan Skaggs, Treasurer, ASRCC (Norco)
Cindy Taylor, Outreach/Passport to College Coordinator (Riverside)
Ajené Wilcoxson, Associate Professor, Business Administration (Riverside) – arrived at 9:30 a.m.
Kristen Van Hala – (Recorder)

Absent
Meshay Brown, President, ASRCC (Riverside)

I. Meeting was called to order

II. Minutes of November 21, 2008

The minutes of the November 21, 2008 meeting were reviewed and approved with one change to the 11-7-08 BAM spreadsheet distributed by Norm Godin: the balances on the “Unspent Moreno Valley Campus 07-08 Budget” and the “Unspent Riverside Campus 07-08 Budget” are reversed and need to be switched.

III. Budget Allocation Model

- Aaron distributed a Budget Update from the Community College League of California.
- Budget Reduction Methodologies
The Moreno Valley President’s Executive Cabinet discussed the BAM Principles worksheet distributed by Becky Elam at the last BAM meeting, postponement of expenditures, and the natural budget savings accruing from position vacancies. They feel their budget for FY 2008-09 will be OK but FY 2009-10 will be more problematic. The campus won’t quite reach the 5% cuts, but they were able to identify areas to achieve savings of $1.7 million over 18 months. This would include elimination of the five new faculty positions scheduled for 2009-10. This proposal still needs to go to Moreno Valley’s Strategic Planning Committee for discussion.

The BAM Principles have gone to the Riverside Strategic Planning Committee (SPC.) General confusion was expressed by some members of the Riverside SPC about the mixed messages being sent regarding position recruitments, especially why non-faculty, administrative positions are being recruited. It was suggested that Diversity and Human Resources might be able to ease the confusion by providing more background information regarding the position in their emailed job announcements (i.e. categorical, retirement, replacement position, etc.). The Riverside President’s Executive Cabinet endorsed offering another Golden Handshake. Riverside will monitor enrollment scheduling patterns and will consider altering service hours. The 5% reduction level has not been discussed yet. It will be discussed at the next meeting scheduled for January 14th.

The Norco President’s Executive Cabinet has discussed and endorsed the BAM Principles. The Norco campus is still interested in recruiting two of the five new faculty positions for 2009-10 and will leave three vacant. There will soon be an Emergency Budget Advisory Committee (EBAC) meeting to come up with a list of
budget reductions. The EBAC membership consists of CSEA, faculty, CTA, confidential, and student representatives. The Norco campus will not go through the Strategic Planning process since they considered this to be an operational, not strategic issue.

- The Vice Chancellor’s areas will be looking at their respective areas for budget reductions. Dr. Buysse discussed the BAM principles with Executive Cabinet. Aaron will write up the approach being done in Finance and will distribute it to other VC areas.

- Dr. Hendrick has directed that the 10 new faculty positions (5 each for Norco and Moreno Valley) be recruited. A decision on making offers will be made at a later date based on budget availability.

- COLA and Salary Savings
  - The Task Force was asked to consider deferring how to address COLA until budget reductions are determined at the state level.
    - The consensus of the BAM Task Force is to leave COLA “off the table” for now when considering budget reduction strategies.
  - A discussion ensued regarding the use of salary savings. The BAM Task Force reached consensus as follows:
    - Salary savings can be used on the following:
      - Hourly employees and student employees to maintain student services
      - Tutors, lab technicians, clerical, maintenance and operations
      - Critical, one-time needs

- Communication
Methods of communication

- Forward CCLC and CO emails to various groups
- Quarterly email or internet posting from BAM Task Force
- Video messages (YouTube.com, “Fireside Chat” style)
- Post to RCC “Marketplace” and “Focus”
- Discuss BAM methodologies with campus groups – give them a chance to participate and contribute ideas.
- Data regarding the Golden Handshake history should be shared.
- Consider condensing or eliminating the summer and winter schedule

Timeline for Budget Reduction Strategies

- The consensus of the BAM Task Force was that all areas will submit plans for budget reductions at the January 23, 2009 BAM meeting.

Allocation of Grant Department Costs

- Aaron distributed a handout entitled “Appendix A – Recommendation for Allocation of Grant Costs,” (attached) which was presented to Executive Cabinet meeting (author unknown.)
  - The consensus of the BAM Task Force was that the Administrative Program Review process should be used to evaluate administrative programs and services. The cost allocation methodology should remain unchanged.

New and Vacant Position Funding Allocation Methodology and “Treatment of Budget Savings” – Hold until the January 23rd BAM meeting.

- Aaron Brown will meet with the three Vice Presidents of Business Services before the January 23rd BAM meeting in order to discuss the treatment of budget savings.
• Strategic Enrollment Management
  o Ajené Wilcoxson will make a presentation to the group at the next BAM meeting on December 19, 2008.

IV. Next Meeting

• Next BAM Meeting is scheduled for Friday, December 19, 2008 in the Citrus Room in the Bradshaw building, 9:00 a.m. to 11:00 a.m.
  o Strategic Enrollment Management presentation
  o State Budget Update
Appendix A
Recommendation for Allocation of Grant Costs

Norco's proposal with regard to the manner in which the costs of District Grants & Contract Services would be allocated to the three RCCD campuses: At the meeting of the Student Services vice presidents last Wednesday, we all agreed to recommend to the District Executive Cabinet that these services remain located at the District Office upon the transition of the District to a three-college operation. Essentially, we all agreed that it would be unnecessarily duplicative to attempt to establish separate grants and contract offices at all three campuses.

Under the budget allocation model, the costs associated with District operations are typically taken “off the top” before funds are distributed to the respective campuses. The effect of this approach is that such costs are more or less divided among the three campuses on the basis of their respective enrollments. While this method makes sense for the overwhelming majority of District services, in the case of Grants and Contracts there may be a more equitable means of allocating costs among the three campuses. This is because utilization of the Grants and Contracts Office is, to a large extent, discretionary in nature. In other words, campuses (colleges) that choose to pursue a comparatively larger number of grants make greater utilization of the services than those that choose to pursue a less expensive operational philosophy. Moreover, given the nature of the services provided by the Grants and Contracts Office, it is relatively simple to allocate the time spent by this office to the District’s cost centers (eg. Norco, Moreno Valley, Riverside, District, etc.).

Since, both historically and for the foreseeable future, Norco has utilized 10 percent or less of the services rendered by the District Grants and Contract Services Office, we believe that allocating the costs of this office in the manner in which most other District Office costs are allocated would constitute a subsidy by Norco of activities undertaken to the benefit of our sister campuses. For this reason, we propose that the costs be allocated as follows:

- During fiscal year 08/09, the District Grants and Contracts Office shall keep track of their activities, allocating each activity to one of four categories:
  - District (activities that benefit the District as a whole)
  - Riverside City
  - Moreno Valley
  - Norco

- The distribution of cost-sharing for the following fiscal year (09/10) would be based on the pattern of activity documented for the prior year:
  - Activities undertaken for the District as a whole would be funded “off the top” as is the case with most other District support functions.
  - Activities undertaken for the benefit of a particular campus (college) would be charged back to the campus provided the service to be paid from the funds they are allocated under the budget allocation model.

In conclusion, while RCC – Norco is supportive of keeping District Grants and Contract Services centralized for the purpose of efficiency, in the interest of equity we believe that the funding formula for this service should more closely reflect actual utilization of the service. Should the District choose not to allocate costs in a manner similar to that outlined herein, we may wish to consider opting out of this particular District service and meeting our limited needs for grant writing and servicing in a more cost-effective manner, such as through consulting contracts.
League Budget Update #24 - December 1, 2008

A new Legislature, facing the same old problems

At noon, the 2009-10 State Legislature will be sworn in, with twenty-five new legislators (15 Democrat, 10 Republican) coming to Sacramento. Also today, the governor is likely to call a special session to tackle the state's budget problem, something the lame duck Legislature was unable to do last week.

In the special session, most budget watchers expect the governor to keep his same proposal on the table, which calls for $332.2 million in cuts to community colleges. The Legislative Analyst's Office proposed $100 million in current-year community college cuts, and the Legislature considered a similar cut in a failed vote Tuesday night.

It is unclear whether the newly constituted Legislature will attempt to tackle the budget problem in December. While the possible solutions (including both mid-year expenditure cuts and the revenue from any tax increase) are reduced with each day that passes, the true crisis isn't seen until late February. That's when, barring unexpected revenues or legislative action, the state is expected to run out of cash until April's large tax revenues are collected. To meet obligations through April, the state needs to issue at least $2 billion in revenue anticipation notes, which will likely be more difficult as the state's fiscal condition has deteriorated and the credit markets stabilize (reducing the attractiveness of fixed income investments).

The new legislators arriving in Sacramento are no less politically polarized than their departing counterparts. Instead, most of the twenty-five new members won election by running on hard anti-tax or pro-spending platforms. They know the state has a serious problem and want to take action, but their strategies for such action could not be further apart. The wrong vote this month could mean an immediate primary election challenge from two years from now, and both labor and anti-tax groups will be holding receptions in Sacramento this week to gently remind legislators of that fact.

Meanwhile, two champions for community colleges are gone. Both John Laird and Jack Scott left due to term limits, and Scott becomes Chancellor on January 1. The two have been among the most effective leaders on community college policy since the colleges are created in 1909.

Two community college trustees join the Democratic caucus in the Assembly--Marty Block (San Diego) and Paul Fong (Foothill-DeAnza).

Taking the reins of education policy as both Education Committee chair and Budget Subcmte 1 chair in the State Senate is expected to be former LACCD trustee Gloria Romero, who is also running for Superintendent of Public Instruction in 2010. Romero, a former CSU faculty member, will likely focus on education as social justice and labor issues.
On the Assembly side, Julie Brownley is expected to continue as chair of the education budget-writing committee ("Sub 2"), and Anthony Portantino is expected to continue as Higher Education Committee chair.

LAO 5-Year Fiscal Outlook

While most budget watchers have been talking about 6-to-18 month revenues, the Legislative Analyst's Office (LAO) recently released its annual five-year forecast of both state expenditures and revenues. In summary, the LAO projects that the state will bottom-out in the 2009-10 fiscal year after a 15.9% drop from the 2007-08 fiscal year, followed by a slow climb that will only return state revenues to the 2007-08 level in 2013-14.

For Proposition 98, the forecast has taken a dramatic turn from last year. In last year's forecast, the LAO projected that soaring General Fund revenues would allow significant increases in per-student K-12 funding and more than accommodate community college enrollment growth (after moving to a "Test 1" guarantee). Last year's optimistic forecast was repeatedly used by opponents of the Community College Initiative (Proposition 92), as they argued the funding formula would provide more funding than needed for community colleges.

For the term of the forecast, Proposition 98 will no longer be switching to the more generous "Test 1," and will instead be increased based on K-12 enrollment and either per capita personal income (Test 2) or state general fund revenues (Test 3). Unless the Legislature decides to treat Proposition 98 as a floor rather than a ceiling or to shift a larger share of the Proposition 98 pie to community colleges, the guarantee will not likely increase enough to fund both COLA and enrollment growth in each of the next five years.

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Projecting the Property Tax Shortfall

As part of the 5-year fiscal outlook, the LAO included projections for local property tax revenues for K-14 education agencies. Most importantly, for the current fiscal year (2008-09), the LAO estimates that K-14 property taxes will fall $460 million below projections. While the LAO doesn’t disaggregate the estimates between school and community college districts and makes a statewide estimate (as opposed to a series of local estimates), the numbers should offer a strong caution to community college districts.

Should the LAO’s estimate prove to be true and proportional to the Budget Act’s estimates, community college property taxes will likely be short between $55-60 million in the current year. Unlike K-12 schools, these funds are not backfilled by the state’s General Fund, and would be taken as an additional 1% cut to community colleges. We have been informing the legislative budget staff and key lawmakers about this threat, which may provide an additional explanation to the favorable treatment for community colleges in last week’s special session.
budget vote.

Community College League of California
2017 O Street, Sacramento, California 95811
916.444.8641 . www.ccleague.org