

**California Community Colleges
Advisory Workgroup on Fiscal Affairs
August 8, 2016 Meeting Notes**

❖ **Actions Taken**

The workgroup voted to approve the June 2, 2016 meeting notes. The notes will be posted to the Chancellor's Office website under the "Advisory Workgroup on Fiscal Affairs" section of the Finance and Facilities Division homepage.

Bonnie informed the group that Jeff De Franco from Lake Tahoe Community College District who represents rural districts is no longer able to participate as a member of the workgroup. Bonnie will work with Ann-Marie and Mario to identify another rural district representative to join the Advisory Workgroup on Fiscal Affairs.

❖ **Chancellor's Office Update- Mario Rodriguez**

Mario provided a summary of the 2017-18 system budget requests, which will be presented to the Board of Governors for approval at the September board meeting. He stated that in 2017-18 we will be more focused on the core mission of the colleges and improving the quality of education rather than funding new initiatives or programs. Over the last few years, the system has received funding for initiatives such as the Student Success and Support Program, Student Equity Program, and the Strong Workforce Program. Colleges need time to build these programs in a deliberate manner to ensure they are effective and sustainable. In 2017-18, the focus will be on funding for general operations which has not kept pace with colleges' overall costs of operations that have increased significantly in recent years.

The 2017-18 Budget Workgroup met in June and July and finalized a list of priorities and funding needs that will be included in the Chancellor's Office 2017-18 System Budget Request. Mario summarized the list of priorities for the group. The budget request is listed in round numbers; the purpose of the list is to communicate priorities for funding, not necessarily specific dollar amounts.

Top Priorities: The following items were identified as the top priorities for funding in 2017-18.

- Growth \$125 million (2%)
- COLA \$75 million (1%)
- Base Increase \$200 million
- Full-time faculty hiring \$100 million
- Part-time faculty (compensation and health benefits) \$25 million
- Veterans Resource Centers \$25 million

Some members said that 2 percent growth funding may be too high for 2016-17 and thus 2017-18, since there are many districts that are not growing. Since there are only a small number of districts that are experiencing significant growth, there is pressure on these districts to grow enough to use all the growth funding provided in the budget. Additionally, some of the districts that were growing are reporting that they may not be able to maintain their current growth pace.

Other Priorities: Mario identified other priorities for funding in 2017-18. There are many needs in the system as a result of past budget reductions, increasing operating costs, and changes over time in the way colleges operate. The Budget Workgroup identified the top priorities as being critical for the colleges to meet their cost obligations in 2017-18. The other priorities listed below are imperative to maintaining and improving quality of education and safety of students.

- Technology \$50 million
- Campus Safety \$50 million
- Mental Health \$25 million
- Online Education Initiative (OEI) \$10 million
- Integrated Library System (ILS) \$10 million
- Open Educational Resources (OER) \$20 million
- Equal Employment Opportunity \$10 million
- Public Outreach \$10 million

One-time funding: During the July board meeting, there was a discussion around funding priorities for 2017-18. Board members agreed with the ongoing funding requests and highlighted some priorities for one time funding.

- Promise Programs \$15 million
- Innovation in Education \$25 million
- Deferred Maintenance and Instructional Equipment (Any other available funding)

Workgroup members discussed the funding model for the Community Colleges system, voicing that the current model which increases districts funding based on their annual growth in FTES may not be the best model for the system. Districts are only able to increase their discretionary funding if they are increasing the number of FTES served, participants stated that in 2017-18 there should be a focus on growing community college budgets (not necessarily the system) to support the access provided. Districts are increasing access, but many do not have enough police, technology, maintenance personnel, etc., to support the students they have or to keep the college operating long term.

Some members stated that we need to have standards on how many campus police, IT technicians, janitors, counsellors, etc. should be employed by a college per FTES served. This would enable districts to gauge how they are doing in comparison to other districts. Others said that it is difficult to create standards because of the vast differences in our districts and colleges, which are not comparable.

❖ **Deferred Maintenance and Instructional Equipment spend down options.**

The Chancellor's Office recently released a memo regarding Deferred Maintenance and Instructional Equipment funding, districts now have a total of three years to spend the funds.

❖ **New Section Titles in Exhibit C**

The Chancellor's Office will distribute a memo in the next few weeks that will explain the new titles on the Exhibit C, specifically the "other adjustments" section. Members stated there is confusion in the field related to this section and why it contains some negative numbers.

❖ **Growth Formula issues to include: rethinking timing issues in the methodology and the pros/cons of adjusting the methodology.**

The group discussed some of the pros and cons of using prior prior year recal data rather than prior year P1 and P2 data in the growth model. If recal data is used, the calculation is based on actual data rather than estimates (which are the case with P1 and P2 data); however, the drawback is that there is a much greater lag since data is being used from two years ago to run the growth calculation. The Chancellor's Office will run the 2016-17 growth model calculation using data from three different points in time: 2015-16 P1, 2015-16 P2 and 2014-15 Recal. The group will review all three simulations during the September meeting and make a decision on which data should be used for the growth calculation going forward.

❖ **Base/basic allocation potential inequities due to adjustment made for rural colleges**

The workgroup had a short discussion regarding equalization. It was stated that since there was a change made to double the rural add-on, districts were dis-equalized from the levels established when SB 361 was enacted. Some said that the solution might be to increase the base for all districts, not just the rural districts. Others said that we should look at the overall funding model for the system and determine whether a different funding model would work better. The group will discuss the funding model with Chancellor Oakley after he starts in December.

❖ **Attendees at the August 8, 2016 Meeting:**

- Bonnie Ann Dowd – San Diego CCD
- Theresa Matista – Los Rios CCD
- Andy Suleski – Butte-Glenn CCD
- Teresa Scott - Yosemite CCD
- Peter Hardash – Rancho Santiago CCD
- Kathy Blackwood – San Mateo County CCD
- Jeanette Gordon, Los Angeles CCD
- Ann-Marie Gabel – Long Beach CCD
- Sharlene Coleal – Santa Clarita CCD
- Tom Burke – Kern CCD
- Lizette Navarette – CCLC
- Mario Rodriguez– CCC Chancellor’s Office
- Natalie Wagner – CCC Chancellor’s Office

Members not in attendance:

- Doug Roberts – Sonoma County JCD
- Sue Rearic – Grossmont-Cuyamaca CCD
- Jeff DeFranco – Lake Tahoe CCD