

**California Community Colleges
Advisory Workgroup on Fiscal Affairs
May 5, 2016 Meeting Notes**

❖ **Actions Taken**

The workgroup voted to approve the April 8, 2016 meeting notes. The notes will be updated accordingly and posted to the Chancellor's Office website under the "Advisory Workgroup on Fiscal Affairs" section of the Finance and Facilities Division homepage.

Members of the workgroup added two items to today's agenda. The two items added were a discussion of the EEO allocation and the schedule of meeting dates through the end of the year.

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

Budget Update

Mario updated the workgroup on the changes he expects to see in the Governor's May Revision as compared to the January Budget Proposal. He stated that the statutory COLA has been revised to 0% (rounded down from .0029%), since Governor Brown is known to fund only the statutory COLA, which is based on the implicit price deflator, community colleges should not expect to see any COLA funding in the May revision. Mario also stated that he is hearing the Proposition 98 guarantee has not changed significantly since the January Budget Proposal, therefore the total funding available to the system for 2016-17 will remain about the same as what was proposed in January, though we may see some changes in how the funding is allocated. Mario reminded the group that the highest priority for the Chancellor's Office in the May Revision is to secure some funding for a base increase, this is even more imperative now that the COLA is reduced to 0%. The Department of Finance has indicated that there will be some discretionary funding for the system in the May Revision; however we will not know details until it is released.

The group asked about the current deficit in the system. Mario stated that at P2 the system has a deficit of approximately 1.2%, due to property tax revenues not coming in as high as estimated. Mario stated that this could be due to the fact that this is the last quarter of the triple flip, the Department of Finance and the LAO are expecting that the property tax revenues will come in later in the year, which will reduce the system's deficit substantially. He reminded the group that during the last few years, the system appeared to have a deficit at P1 and P2, but that it was reduced to 0 by the end of the year.

As of P2, there is still \$55 million in growth funds that is not allocated. Members discussed growth and the issues some are having with adding course sections. Some stated that it is difficult to find qualified teachers for math, science and computer science because of the

minimum qualifications. This hinders districts abilities to grow because they cannot find enough teachers to teach the courses, and therefore cannot add more courses to the schedule. Members also said that they would like to add back more summer courses, but are having difficulty finding faculty to teach these courses since many full-time faculty prefer not to teach over the summer. Part-time faculty are great for teaching summer courses, however, many districts had to reduce their number of part-time faculty during the recession. Some stated that the headcount at their district is up; however the FTES are still down, meaning that the number of students is increasing but they are taking fewer units. It was also stated that the number of students in night classes and continuing education courses is up compared to a few years ago.

The group discussed the possibility for college promise programs. Some informed the group that they are already offering these programs using funding from their foundations or other sources. Students in these programs are required to take a full course load and receive support services to help them move through the system quickly.

❖ **EEO Funding- Andy Suleski**

Andy informed the group that there is a certification form due in June which must be completed in order to qualify to receive EEO funding in 2016-17. There is approximately \$4 million available in the EEO account. This funding will be allocated based on multiple measures; districts must submit the certification form showing that they meet at least 5 of the 8 measures to be eligible to receive funding.

❖ **Growth Formula- Part II- Randy Fong**

Randy reviewed the P1 growth allocation estimates with the group. The Chancellor's Office provides the first of two growth estimates to the field using P1 data, the final growth allocations will be based on P2 and will be distributed at the budget workshops during the first week of August. Members stated that it is difficult to predict what their final growth rate will be because changes occurring in other districts impact all the districts. The only way to predict a district's available growth funding is if you have data from other districts. Members stated that this makes it difficult to plan because they receive their final growth allocations in August and their course schedules are already final at this point.

Some suggested that the growth allocations be based on recal data from the previous year rather than using P1 data for estimates and P2 data for the final allocations. If recal data were used, the Chancellor's Office could provide the growth allocations to districts earlier in the year; this would enable districts to have a better sense of their growth allocation as they are planning their course schedule for the upcoming year. Additionally, if the growth allocations were based on recal data rather than P1 and P2, the allocations would be based on actual district data rather than estimates. The drawback with using recal data from the

previous year rather than P1 and P2 data is that there will be a lag because the growth allocations will be based on older data. If recal data were used, growth allocations for 2016-17 would be based on 2014-15 recal rather than 2015-16 P2. Some mentioned that regardless of the data used and the growth estimates, all districts should be trying to grow as much as they can (even if their growth target is lower) since there is enough growth funding available in the budget. At the end of the year, the left over growth funding will be reallocated and those that grew more than their allocation will be funded for the growth. The problem is that this requires districts to take a risk and hope they will be funded at the end of the year. Some districts don't have the resources to enable them to take this risk.

Mario recommended that for 2016-17 the formula continue using P1 and P2 data to be consistent with last year and to allow the group to have a longer discussion on this topic before making a decision. The methodology has already been presented to Consultation Council and other stakeholders, if it is decided that the formula should use recal data from the previous year rather than P2 data, this change should be communicated to the field ahead of time. The group had reasons for making certain decisions in the past, if they are going to make changes, they need to make sure they are thoughtful about it and consider possible issues that could occur.

Bonnie reminded the group that as we move forward we will continue the discussion on the growth model and will monitor the impact of the existing model and look for ways to make it better for the system overall. This formula was created in response to statute, the group has never been in agreement with where it landed but they did the best they could working within the requirements of the language.

❖ **50% Law/FON Data for the Regulations Workgroup**

The group reviewed the data collected by the Chancellor's Office through a survey of the members. The information obtained from the survey will be used to inform the discussions on the 50 percent law/FON proposal. Regarding the 50 percent law, the survey asked about the amount of unrestricted general fund dollars spent on academic senate officers release time, tutors, counselors, librarians, and faculty reassigned time, and whether these costs are included in their districts' 50 percent law calculation. To inform discussions on the FON, the survey asked how many non-credit full-time and part-time faculty the district employs and whether they include them in their FON calculation. The responses to the surveys were summarized in a spreadsheet that shows what the districts percentages would be if the proposed changes were incorporated.

50% Law

The data collected on the 50% law showed that many districts are already including academic senate release time as well as counsellors and librarians in their 50% law

calculations, therefore adding these to the list of allowable expenses does not increase the districts percentage. Some are also including tutors and faculty re-assign time in their current calculation. Overall most of the districts percentages increased slightly when the new categories of expenses were added. Under the current calculation, the percentages of those surveyed range from 50.21% to 53.09%, after adding in the four categories the percentages ranged from 52.81% to 57.73%. Some districts increased more than others depending on whether or not they are already including the four categories of expenses in their current calculation.

FON

Regarding the FON, many of the districts full-time faculty percentage decreased when non-credit faculty were added into the calculation. The reason for this is that many districts have a greater number of part-time non-credit faculty than full-time non-credit faculty, therefore when you add these to the numerator and the denominator, the percentage of full-time faculty (compared to total faculty) goes down.

Some stated that the regulations workgroup should not be discussing the FON, but rather, a mechanism that would replace the FON. The FON is based on inequitable numbers, re-benching it or making small incremental changes would not fix the inequities. It was stated that faculty groups are not likely to consider changing the FON unless there is a penalty for non-compliance.

❖ **Next Steps**

The Chancellor's Office will distribute the P1 growth simulations to the field in the next week. The P2 growth allocation estimates will be distributed at the Chancellor's Office Budget Workshops during the first week of August.

❖ **Upcoming Meetings**

- Thursday, June 2, 2016 10 am to 2 pm, Lunch to be provided by the Chancellor's Office
- July (No Meeting)
- Monday, August 8, 2016 10 am to 2 pm, Lunch to be provided by CCLC
- Friday, September 16, 2016 10 am to 2 pm, Lunch to be provided by ACBO
- Friday, October 7, 2016 10 am to 2 pm, Lunch to be provided by the Chancellor's Office
- Friday, November 4, 2016 10 am to 2 pm, Lunch to be provided by CCLC
- Friday, December 9, 2016 10 am to 2 pm, Lunch to be provided by ACBO

❖ **Attendees at the May 5, 2016 Meeting:**

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