

**California Community Colleges
Advisory Workgroup on Fiscal Affairs
September 16, 2016 Meeting Notes**

❖ **Actions Taken**

The workgroup voted to approve the August 8, 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.

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

Mario informed the group that he expects to hire administrators in the facilities unit and the apportionment unit by the end of October. Frances Parmalee will start at the Chancellor's Office at the end of September as the Assistant Vice Chancellor of Finance and Facilities Planning. The internal accounting unit, apportionments unit and fiscal standards and accountability unit will all report to Frances.

Mario briefly discussed proposition 51 (facilities bond) and proposition 55 (prop 30 extension). Mario stated the likelihood of proposition 51 being approved is difficult to predict at this point. Proposition 55 would extend the income tax increase implemented by proposition 30 which is set to expire at the end of 2018. He stated that proposition 55 is polling well, seems likely that it will be passed by voters.

Mario stated that the 2017-18 budget "ask" was presented at Consultation Council on September 15th and will be presented for board approval next week. The budget requests are organized into two groups, the primary group includes requests for funding for growth, COLA, base increase, faculty (full-time and part-time), and veterans. Members stated that they are dealing with a structural imbalance because of the way districts are funded. Some said that they will be looking at possible lay-offs in 2017-18 if there is no additional discretionary funding in the budget. In 2016-17, the COLA was 0%, districts that aren't growing have few options for increasing their discretionary funding, however fixed costs continue to increase. Districts need to be able to cover their fixed costs otherwise they will be doing things that are contrary to what the Legislature and Department of Finance want, they will have to cut courses which will reduce the number of FTES served, leading to further reductions in funding for the district.

There was some discussion regarding the 2017-18 budget request for public safety. Members stated that the numbers do not tell the whole story about the needs that exist related to safety, there is an assumption that safety officers at the colleges are equivalent to mall cops, and therefore are not costly to employ. There are a lot of mandates now that are safety issues.

❖ **Growth Formula: Rethinking Timing Issues in the Methodology- Randy Fong**

The group reviewed a handout, prepared by Randy. The handout addresses the 2016-17 growth simulations using data from three different points in time: 2015-16 P1, 2015-16 P2, and 2014-15 Recal. It was stated that the purpose of looking at these options is timing of the growth eligibility allocations; if prior year recal data is used we can get the simulations out in winter (early); if we use P1, simulations distributed in spring; if P2, summer. Districts need these simulations to plan their course schedules for the upcoming academic year. Members made the case for using prior year recal over P1 or P2 data, since these are actual numbers rather than districts' estimates. It was stated that if P1 or P2 data is used, there is an incentive for districts to inflate estimates. Additionally, if prior year recal data is used, districts will know their growth allocation in February, allowing them time to adjust their course schedules. Others stated that there are some concerns with using prior year recal data, mainly that since the data is two years old, the growth allocations will not be reflective of current demand. Ultimately the group decided that it would be best to use prior year recal data to calculate district growth allocations (instead of P1 or P2 data). Mario will review the language and discuss this change with staff at the Department of Finance and the Legislature to ensure this change is in line with the statute.

❖ **Explanation Regarding "Other Items" Category on Exhibit C- Randy Fong**

Randy provided a spreadsheet to the group which breaks down the calculation for the "other items" category on exhibit C of district apportionment reports. The calculation starts with districts' 2015-16 P2 total funded FTES and base allocation funding (column H); this is used to calculate each districts' proportionate share of the total. The base increase funding (\$266.7 million in 2015-16) is spread proportionately based on the previous calculation (columns J, M and N)). Basic aid districts are included because this funding should be incorporated to calculate their revenue limit; however, they do not actually receive any of the base increase funding. The funding provided for full time faculty hiring (\$62.3 million in 2015-16) is spread proportionately based on the value of 2015-16 P2 FTES (column U). Basic aid districts do receive their share of the full-time faculty hiring funds. Each districts' share of the \$62.3 million will be recalculated each year and adjusted so that it is distributed proportionately based on current year FTES. The reason for this is that as districts grow, their FON increases, therefore their share of the full-time faculty hiring funding should also increase in comparison to those districts that are not growing or hiring additional faculty. If districts' proportionate share was only calculated once and then remained at the same level, it would benefit those districts that are not growing because they would continue to receive their baked-in allocation plus COLA regardless of their need to hire additional faculty.

The next group of columns shows the same calculation for 2016-17. It starts by displaying districts' total funded FTES and base allocation (column AB) and then calculating each districts' proportionate share (column AF). The additional base increase funding (\$75 million

in 2016-17) is spread proportionately, including an amount for basic aid districts even though they don't receive the cash. Next, the \$62.3 million for full-time faculty hiring is spread based on districts 2016-17 proportionate share of total funded FTES (column AK). The next columns calculate each districts' share of the \$75M base increase funds are due to the share of 2015-16 \$62M full-time faculty hiring funds (column AN, AO, AQ).

❖ **Legislative bills- Mario Rodriguez**

Mario stated there are two bills related to part time faculty that are likely to be passed during this session. AB 1690 would require colleges without collective bargaining agreements to adopt specific minimum standards for the treatment of part-time, temporary faculty. These standards would include evaluation procedures, workload distribution, and seniority rights. SB 1379 requires that districts comply with these collective bargaining provisions as a condition of receipt of Student Success and Support Program funds. If these bills are signed by the Governor, the Chancellor's Office will reference the statute to determine the requirements of districts and put a memo out to the field. Mario stated that we are not creating policy, but rather implementing the requirements of the language. These requirements must be implemented by July 1, 2017; districts may be required to submit their collective bargaining agreements to show compliance.

❖ **Replacement member for Lake Tahoe Community College District**

Bonnie reported 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 said she will work with Ann-Marie and Mario to identify two rural districts to replace Lake Tahoe CCD on the Advisory Workgroup on Fiscal Affairs.

❖ **Cancelation of October 7th meeting**

The group decided to cancel the meeting previously scheduled for October 7th since it is not expected that the group will have new information to discuss. The next meeting will occur on November 4th at the Chancellor's Office.

❖ **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
- Ann-Marie Gabel – Long Beach CCD
- Doug Roberts – Sonoma County JCD
- Sharlene Coleal – Santa Clarita CCD (Phone)
- Mario Rodriguez– CCC Chancellor’s Office
- Natalie Wagner – CCC Chancellor’s Office

❖ **Members not in attendance:**

- Tom Burke – Kern CCD
- Sue Rearic – Grossmont-Cuyamaca CCD
- Jeanette Gordon, Los Angeles CCD
- Lizette Navarette – CCLC

❖ **Upcoming Meetings:**

- November 4, 2016 10 a.m. – 2 p.m. Lunch to be provided by the Chancellor’s Office
- December 9, 2016 10 a.m. - 2 p.m. Lunch to be provided by ACBO