

**California Community Colleges  
Advisory Workgroup on Fiscal Affairs  
June 4, 2015 Meeting Notes**

❖ **Actions Taken**

The workgroup voted to approve the April 10, 2015 meeting notes with one change. The notes will be updated accordingly and posted to the Chancellor's Office website under the "Workgroup on Fiscal Affairs" section of the Finance and Facilities Division homepage.

❖ **Budget Update- Dan Troy**

Dan provided an overview of what is happening in the budget process as we are getting closer to the end of the fiscal year. He stressed that the budget process will wrap up very quickly since the budget committee must have an approved budget by June 15<sup>th</sup>. The conference committee met last week to settle some of the differences between the Assembly and Senate budgets. Both the Assembly and Senate used the LAOs revenue projections to spend above the Governor's estimates; this allows them to fund their priorities which are different from the Governor without having to make reductions to the Governor's proposals. This approach makes it difficult to know what priorities they really care about.

Our top priorities are to maintain the base increase and keep the growth funding above at least 2.75%. While we are supportive of the funding for student equity plans and mandates, we would rather see these numbers drop than the base increase.

Members asked whether the \$626 million being proposed for CCC unfunded mandates will cover all outstanding mandates. Dan stated there will still be a balance of unfunded mandates because of the way the dollars are distributed (per FTES). It was also asked whether the \$128 million proposed for deferred maintenance and instructional equipment must be spent in one year. The language in the budget is flexible enough so that districts could encumber in one year and spend in three years.

❖ **\$75 million for Full-time Faculty**

The 2015-16 May revision includes \$75 million for full-time faculty hiring; the language specifies that the funding is to be used to increase the number of full-time faculty in the system. The funding will be allocated per FTES but districts with relatively low proportions of full time faculty will have a greater increase in their Faculty Obligation Number (FON) than districts with high proportions of full-time faculty.

The workgroup began discussing the funding being proposed for full-time faculty and how it relates to the FON, Dan reminded the group that the focus of the discussion needs to be around the quintiles, the mechanics of the formula, and how the funding should be allocated to districts. Discussions about restructuring and equalization and/or modifying the FON can continue, however, these discussions need to involve more stakeholders including faculty, administrators, and others.

Members asked about the time frame that districts will be required to meet in hiring faculty, stating they have already hired for 2015-16. Dan indicated that this will need to be a lagging indicator since it takes time to hire, and districts have to plan ahead for the upcoming academic year.

### Allocation of funding

The group discussed some possible options for allocating the \$75 million; they narrowed it down to the following:

1. Increase all FTES rates (credit, enhanced non-credit, and, non-credit)
2. Add a line on the Exhibit C apportionment report based on credit FTES
3. Increase the FTES credit rate only
4. Cola everything- This would put the money out based on total TCR not FTES- Can't do this because of the language

Members voiced support for distributing the funding based on credit FTES because the FON is based on credit FTES. Some stated that the funds should be allocated based on districts credit FTES but that the actual funding rate should remain the same. The issue with not allocating the funds by increasing the rates is that the allocations will fluctuate as districts increase or decrease course offerings, additionally if the \$75 million were pulled out of the base there would be no growth or COLA on these dollars.

Some stated that if the credit funding rate were to be increased, those districts that offer a lot of enhanced non-credit courses would receive an even larger increase since the 2014-15 budget equalized the credit and enhanced non-credit funding rates.

The group voted that option 2 (adding a separate line item on the exhibit C) would be the best method of allocating the funding to the districts.

### ❖ **Next Steps**

The distribution formula for the \$75 million full time faculty funding will be settled in the next week as the budget is finalized. The agenda for the June 4<sup>th</sup> meeting also included the items which the group did not get to; these items will likely be discussed at upcoming meetings:

1. Continue discussions related to distribution of the basic allocation dollars proposed in the Governor's 2015-16 Budget for California Community Colleges and impact on:

- a. SB 361 funding for centers, small, middle and large colleges' basic allocation dollars due to adjustments made for rural colleges
  - b. Thresholds for college centers and campuses
  - c. Funding impacts for approvals of new state centers and colleges
2. Continue discussions related to potential fiscal related indicators to be considered for inclusion in Institutional Effectiveness reporting and review efforts in year two.
  3. Identify other future and "old business" topics to be addressed by the Workgroup in the year to come.

❖ **Upcoming Meetings**

- Friday, August 28, 2015 Lunch to be provided by the CCLC
- Friday, September 25, 2015 Lunch to be provided by ACBO
- Friday, November 6, 2015 Lunch to be provided by the Chancellor's Office
- Thursday, December 3, 2015 Lunch to be provided by the CCLC

❖ **Attendees at the June 4, 2015 Meeting:**

- Bonnie Ann Dowd – San Diego CCD
- Ann-Marie Gabel – Long Beach CCD
- Theresa Matista – Los Rios CCD
- Doug Roberts – Sonoma CCD
- Vinh Nguyen – Los Angeles CCD
- Teresa Scott - Yosemite CCD
- Sue Rearic – Grossmont/Cuyamaca CCD
- Kathy Blackwood – San Mateo CCD
- Ryan McElhinney – CCLC
- Jillian Skeen – CCLC
- Fred Williams – ACBO President (non-voting member)
- Dan Troy – CCC Chancellor's Office
- Diane Brady – CCC Chancellor's Office
- Mario Rodriguez – CCC Chancellor's Office
- Natalie Wagner – CCC Chancellor's Office
- Chris Yatooma – Sierra Joint CCD (phone in)
- Jeff DeFranco – Lake Tahoe CCD (phone in)
- Peter Hardash – Rancho Santiago CCD (phone in)
- Sharlene Coleal – Santa Clarita CCD (phone in)
- Tom Burke – Kern CCD (phone in)