

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT
GOVERNING BOARD OF TRUSTEES**

SPECIAL STUDY SESSION

Open Session, 3:00pm
Sam Karas Room, LTC
980 Fremont Street, Monterey, California 93940

TUESDAY, APRIL 13, 2010

MINUTES

1. OPENING BUSINESS

- A. Call Public Session to Order – Chair Lynn Davis called the meeting to order at 3:00pm.
- B. Roll Call

PRESENT:

Mr. Charles Brown
Dr. Margaret-Anne Coppernoll
Mr. Lynn Davis, Chair
Dr. Douglas Garrison
Mr. Charles Page
Dr. Loren Steck

ABSENT:

Mr. Michael Dickey

2. RECOGNITION

- A. Acknowledgment of Visitors – none.

3. SPECIAL BUSINESS

- A. Comments from Visitors – none.
- B. Discussion on Nomination for CCCT Board of Directors - Loren Steck recommended casting a ballot for Donald Singer and Walter Howald, as invited by Chair Davis. Dr. Garrison clarified there are seven vacancies and one vote may be cast for any nominee. The Board agreed to cast their vote for Donald Singer and Walter Howald.
Motion Steck / Second Page / Carried **10-101**
- C. Budgets and FTES Planning Study Session and Explanation of FTES.

The Study Session was presented in three sections: 1) Michael Gilmartin on FTES; 2) John Gonzalez on non-credit courses and Instructional Service Agreements; and 3) Joe Bissell on budget planning.

FTES - Michael Gilmartin, Dean of Instructional Planning:

4.9.10 FTES and Stable Enrollments Board Presentation.pptx

- To demystify the term FTES - this term means Full Time Equivalent Students; it represents the number of hours a full time student would be enrolled for one year.
- To calculate FTES for a course, multiply the number of students in the course times the number of hours for each student and divide by 525 (represents the number of hours one student takes for a full time semester).
- How is FTES calculated? For example, Art 8 Survey of Asian Art class has three contact hours a week for 17 weeks for a total of 51 hours. If there were 40 students enrolled, the FTES = $40 \times 51 / 525 = 3.89$ FTES. Apportionment for credit courses generates \$4,564.83 per FTES from the state. For example, Art 8 produced 3.89 FTES or \$17,757.
- Non-credit courses generate \$2,745 per non-credit FTES in apportionment from the state; for example ENGL 401 produced 2.59 FTES.

Issues with Non-credit – Dr. John Gonzalez, Vice President, Academic Affairs, discussed issues relating to:

- Role of Community Colleges – MPC is being directed to protect the three cores of community education: CTE, transfer credit, and basic skill instruction, to meet the educational needs of our community.
- Nine Parameters of Non-credit courses:
 - Parenting
 - Elementary and secondary basic skills
 - English as a second language
 - Citizenship
 - Persons with disabilities
 - Short term vocational
 - Older Adults such as Gentrain
 - Home economics
 - Health and safety
- Legislative Concerns – Legislators are asking why citizens tax proceeds paying for non-credit courses
- Repeatability – the demographics of our community show students repeat those courses which are good for their health, physical and mental wellbeing.
- Rigor of Enrichment-type Courses – the Chancellor's Office requires us to have all the non-credit courses complete the same curriculum approval process as all credit courses. MPC has been successful in some instances but not all in seeking approval of enrichment courses, such as Gentrain.

Credit vs. Instructional Service Agreements: Not all ISA's are credited equal. Some are very solid in terms of their rigor and quality control such as our partnership with South Bay Regional Public Safety Training. There is a great deal of scrutiny and quality control of these courses. Our ISA's are trending down from 2006 at 27% to 10% in 2009, and the increase in non-credit FTES is being replaced by credit FTES. There is a higher demand for credit classes.

How have we achieved efficiency?

- Tracking faculty contact hours by department and allocating hours according to goals based on programmatic needs.
- Unpacking the schedule:
 - Moving sections to larger classrooms when appropriate
 - Moving sections to off-peak times
 - Moving sections to less impacted day combinations
 - Collapsing sections
 - Limiting options in general education areas.
 - Offering electives and major requirements in cyclical patterns.

Dr. Garrison advised the Board there is a concerted effort to balance program needs and provide an appropriate blend of courses through enrollment management to achieved larger enrollments. For example, Engineering is a difficult discipline because of the number of students that drop out at every level but MPC is able to support this program.

FTES, Funding, Finance and Budgeting – Joe Bissell, Vice President, Administrative Services, provided an overview of the budget process with its rules, regulations, checks and balances:

- Prop 13 (1978) and Prop 98 (1988)
- Ed Code and Title 5
 - Audits, transfers, budgets (form and dates)
 - SB 361 replaced Program Based Funding in 2006; which funded MPC at only the rate of 56% of program needs
 - 50% Law states that half of funding must be spent on teacher salaries with the other half for salaries, supplies, utilities, and support
 - 75/25 Regulation states that teachers and counselors are to be at full-time vs part-time status.
- Board policies (reserves, signature authority, purchasing, etc.)
- Door/agency restrictions
- Labor contracts
- District Budget Committee and College Council
- GASB - Government A S Board
- System Budget and Accounting Manual; same system for all community colleges
- External audits – three week audits every year report on all aspects of MPC accounting process

Budget process and timelines:

- Planning and Resource Allocation Process
- Fiscal year July-June
- Colleges Tentative Budget by 6/30 and Final Budget by 9/15
- State budget legally required by June 30th:
 - Governor's January Proposed Budget and Governor's May Revise
 - LAO's analysis and Legislative versions
 - 2/3 Legislative approval and Governor's final approval

Sound budgeting practices at MPC in the Long Term Financial Plan:

- Balance ongoing revenues with ongoing expenses
- Don't budget for growth before it is realized
- Include budgets for all approved permanent positions, filled or unfilled
- Don't budget for non-verifiable employee turnover savings
- Budget for all known expenses and liabilities
- Maintain adequate reserves
- Tie compensation increases with income
- Cash management

Discussion was held on budgeting practices such as the 10% reserve, losses sustained in the General Fund and Bond Funds last year, and the Cumulative Cash Flow for FY 2009-10.

Joe Bissell summarized the Monthly Financial Report which provides a monthly list of the sixteen funds which provide operating funding: Operating Funds for six accounts for General Unrestricted; General Restricted; Child Development Unrestricted; Child Development Restricted; Student Center and Parking. The Report lists restricted funds for Self Insurance; Capital Project; Building Debt Service; and Revenue Bond; and Fiduciary Fund Accounts for Associated Student; Financial Aid; Scholarship and Loans; Trust Funds; and Orr Estate.

Fiscal Stability is built on solid, stable enrollments and FTES, efficiency across campus, and balancing budgets. Joe's presentation reported that 56% of our funding comes from the State in Unrestricted Funds and 43% in Restricted Funds. Student Fees provide just 6% in Unrestricted and 7% in Restricted Funding. Stable enrollments provide the majority of our funding as 98.7% is determined by FTES. Apportionment is based on fees, taxes or state funding. A breakdown of our 2009-10 Unrestricted General Fund for Apportionment Calculation showed MPC's Basic Allocation is \$3,321,545 as a single college district under 10,000 FTES with the addition of \$276,795 as a Grandfathered Center. Workload measures provide \$40,593 for Credit FTES and \$3,313 for Noncredit FTES. MPC's adjusted revenue entitlement is \$37,504.

Where does the money go? Employee compensation accounts for 82% in Unrestricted Funds for academic salaries, employee benefits, classified salaries, services and operating expenses, instructional service agreements, transfers, supplies, and capital outlay.

Direct expenses vs. overhead and the 50% law - direct costs for teaching must represent approximately 50% of all total expenses:

- Classroom teacher salaries and benefits
- Instructional specialist salaries and benefits

Indirect costs represent the other 50% of total expenses:

- Counselors and librarians
- Administration: deans, division chairs, academic senate, union officers
- Classified, custodian, A&R, financial aid
- Supplies, utilities, repairs, equipment replacement, etc.

Expenses outside 50% include:

- Community and auxiliary services
- Transfers and new equipment

Joe gave two examples of class size efficiency: 1) credit classes need 46 students to cover salaries and expenses; and 2) non-credit classes need 76.6 students. For part time faculty classes, 15.5 students are needed for credit classes and 25.9 students for non-credit classes.

Summary to balanced budgets:

- Primary source of Unrestricted income is FTES
- Stable FTES is the base for fiscal stability
- Efficiency is a mix of classes, sizes, hours, semester offerings, etc.
- FTES is generated by teaching faculty
- Increased FTES income must come first to enable increases in support
- Sound budgeting practices must continue

CLOSING: Chair Lynn Davis thanked all the presenters for their overview of MPC's FTES and budget planning process. He acknowledged Joe Bissell's work in particular, as he will be retiring in August of 2010 and the search is ongoing for his replacement.

4. ADVANCE PLANNING

Regular Meeting Tuesday, April 27, 2010

- Closed Meeting, 1:30pm, Stutzman Seminar Room, LTC
- Open Meeting, 3:00pm, Sam Karas Room, LTC

Special Study Session on Construction Projects/Process, Tuesday, May 4, 2010

- Open Meeting, 3:00pm, Sam Karas Room, LTC

Regular Meeting Tuesday, May 25, 2010

- Closed Meeting, 1:30pm, Stutzman Seminar Room, LTC
- Open Meeting, 3:00pm, Sam Karas Room, LTC

ADJOURNMENT – the Study Session adjourned at 4:50pm.

Respectfully submitted,

Douglas R. Garrison, Ed.D.
Superintendent/President