College Council Minutes- DRAFT

August 14, 2012

2:30 pm

Karas Room, LTC

College Council Members: Doug Garrison, Carsbia Anderson, Celine Pinet, Steve Ma, Michael Gilmartin, Ron Holback for Julie Bailey, Gary Bolen, Mark Clements, Jonathan Osburg, Stephanie Perkins, Fred Hochstaedter, Adria Gerard, Alan Haffa, Lyndon Schutzler, Loren Walsh, Amelia Hellam, Kali Viker, Suzanne Ammons, ASMPC Rep. Steve Alavi, ASMPC Rep. Samantha Baldwin

Absent: Carsbia Anderson, Jonathan Osburg, Gary Bolen, Alan Haffa, ASMPC Rep., Samantha Baldwin

Guests:

Campus Community Comments: None.

1) **Minutes – August 7, 2012:** Deferred to future meeting.

2) **Action Items (see available handouts):**

a) **Final Budget 2012-13 (2nd reading – Steve):** Steve gave an overview of the key budget components as delivered in the August 7th first reading (see ppt document). He then gave a recap of the changes which have come about since that meeting to include:

- Approved state budget is based on the best case scenario, assuming the Governor's tax initiative is approved.
- Apportionment revenue same as 2011-12, with approximately $50 M available for restoration/growth.
- CDC will generate $200 K in savings, requiring less General Fund support.
- Employee wage concession of 2.02%.
- Increase use of one time funds and District Reserves by $700 K (was $500K) to close the budget gap ($1.3M plus $700,000) for a total of $2 M.
- Increase expense in adjunct budget by $202,566 In order to generate additional FTES to earn back to cap.

There is little expectation of year end funds from 11-12 because they are being used to close the 12-13 budget deficit.

Estimating Apportionment Revenue has been particularly challenging. For 2011-12 the estimate of $34,672,438 was budgeted to include a tier 1 and tier 2 cut. Through the course of the year we received additional surprises (see worst case actual) to include:

- Deficit coefficient as a result of increased BOG waivers reduced apportionment ($450K).
- Cost savings measures didn't materialize and additional FTES had to be purchased at the end of the year. These additional items were not budgeted and totaled $1,050,084.

The total amount from District reserves and one-time funds used to balance the 2011-12 budget was $2.6M. Due to the level of uncertainty (November elections, potential deficit coefficient and ability to recover FTES to cap), the 2012-13 budget uses a measured "hybrid" approach to include a $750K cut to address the potential, yet unknown cut(s).

General Fund Revenues: Steve provided a historical account of the General Fund Revenues, beginning with 2007-08. The graph shows 2008-09 at the high point with $42.2 M as compared to 2011-12 revenue of approximately $36.8 M. Should the Governor's tax initiative fail to pass, the loss of revenue from 2008-09 to the current year 2012-13 will be over $6.3M. The question now is as to whether the District has enacted adequate cuts to match the revenue reductions. The budget gaps have been resolved largely through the use of one time funds and Reserves. While some budget reductions have been made since 2008-09, comparable ongoing reductions in spending to these ongoing reductions in revenue have yet to be made.

Summary of All Funds: Seven funds make up the totality.

- The UGF is the largest operating fund containing the vast majority of salaries and benefits. Revenues and expenses are balanced at $38.1 M with an ending fund balance of 10%. Included within these GF Revenue is $2 M of one-time Reserves used to balance the budget.
- Capital Projects reflects $575K in revenue and $1.65M in expenses which represents the accounting transfer to shift funds into our unrestricted revenue ($897K).
- Self Insurance shows revenues of $6.6M and $8M in expenses. This represents the shifting of $1.4M of our rate stabilization reserve to unrestricted revenue.

Where the money comes from: Apportionment accounts for 90% of our revenue, so we are very FTES dependent.

Where the money goes: Salaries and benefits total 83% of our expenses.

Funds used from the SIF are outside our normal operating costs and we are essentially using $1.4 M of the SIF/Reserve to balance our budget, drawing down the fund balance from $8.7M to $7.3M.

Stability Funding: The 2011-12 apportionment cap was 7,095 whereas our final report of 6,805 means we fell short of cap by 290FTES. This represents $1.4M of paid but not earned funding. We must earn back the 290 FTES or sustain an apportionment cut by the unearned amount.

FTES Trend and Workload Reduction: Steve reviewed, indicating the purposeful decline in non-credit and increase in credit (credit generates 40% more in apportionment than noncredit). He highlighted the areas of state imposed workload reductions of 2009-10 and 2011-12, indicating that if Prop 30 fails to pass, we will be facing an additional workload reduction.

How do we generate FTES: At the August 7 CC meeting, suggestions to help boost enrollment through use of existing resources (faculty) and finding new efficiencies to include the following:

- Retention – encouraging/supporting students to stay and finish class.
- Pretention – Instructors contacting students prior to semester start to encourage enrollment.
- Increase offerings of classes in high-demand, distance education and in growth areas.
- Purchase additional instructional contact hours where it makes financial sense.
- Faculty play a very important role in the generation of FTES, inclusively but not limited to class size and related efficiencies.

Class Size Efficiency/Trends:

- Credit FTES earns $4564 vs. non-credit at$2744.
- To cover FT faculty compensation, it requires an average of 23 students per the class, with 50% overhead (other side of 50% law) it is 46. For PT faculty, it requires 7.8 students and with 50% overhead, 15.5. (*Note---these examples are to illustrate the funding/class size efficiency relationship.)*
- Returning average class sizes to 2009-10 levels translates into adding approximately 2 students per class for an approximate 10% increase and represents no additional cost to the college. However, it is recognized that several factors such as the increased cost per unit and the elimination of non-credit course offerings pose a challenge to this attainment.

Comments shared expressed a concern that the board doesn't hear the varied conversations of College Council and may not be aware that members are taking the situation seriously. Steve indicated he understood and would convey the sentiments of College Council and its continued quest to find efficiencies despite diminishing options.

Several key efforts by faculty and deans are in place to meet the challenge including but not limited to:

- Working on curriculum changes to try to address new directions forthcoming.
- Adding sections for fall as well as carrying discussions on retention, and pretention.
- Deans and faculty are working together to find larger classrooms where needed and enroll additional students

In summary, MPC finds itself in a budget dilemma attributable to but not entirely, to regulatory changes and state imposed budget cuts. Current FTES production has fallen off for MPC while other schools are over cap. Given the status of stability funding, MPC is challenged to use its resources more efficiently and yet we continue to rely on unsustainable and one time means to bridge an ongoing structural imbalance.

Self Insurance Fund: This is budgeted at $8M and includes a transfer of $1.4M from the rate stabilization reserve to the GF to cover part of the deficit. While claims appear to be steady, a review of active claims experienced to determine what phase is appropriate is planned for September. Due to the number of large claims, the stop loss policy premium covering claims over $150,000 has increased. Health & Welfare Cost containment committee and the District agreed to take a rate pass on a funding rate increase for employee medical this year, however, the funding rate is likely to increase, requiring additional funds be directed to the SIF from the general fund.

Tax Initiative: The State budget assumes Prop 30 will pass, raising $6B annually in revenues. Both Prop. 30 and 38 support education, however only Prop 30 helps community colleges. Pollsters predict a 10 pt drop in field polls once negative ads start running in September.

Contingency Plan needed now: The district's deficit spending of nearly $2M underscores the need to develop a contingency plan ahead of the November election. If Prop 30 fails, we face a potential $1.5 M mid-year cut.

College Council recommends the 2012-13 Final Budget be forwarded to the Board for its approval. The motion was made, seconded, and approved with none opposed.

3) Discussion items for *future* meeting:

a) ***MPC Technology Vision/Challenges:**
b) **Action Plans (late spring?)** *To Review. Have used a modified process.*
d) ***SIS – How well is it working (input from DOMS, end users, A&R etc.**
e) **Prioritizing filling of classified position (process):**
f) **Reorganization (process):**
g) ***Thin client / Sharepoint:**
h) **CC bylaws (review):**
**(Awaiting new I.S. leadership in place.)*

4) Other:

a) **Committee Reports-**