

**Contra Costa
Community
College District**

pathways to success

**STUDY SESSION ON 2008-09
DISTRICT BUDGET**

APRIL 30, 2008

Chancellor's Office
Contra Costa Community College District
500 Court Street
Martinez, California 94553

STUDY SESSION ON 2007-08 DISTRICT BUDGET

AGENDA

- I. Review of Study Session on 2007-08 District Budget materials
- II. Direction from the Governing Board

PURPOSE

The Budget Study Session is conducted annually in April so that the chancellor and staff can (1) share the status of the budget for the current year; (2) share what is known regarding the upcoming year; and (3) give the Governing Board the opportunity to provide direction to the chancellor on the items to be included in the budget.

STUDY SESSION ON 2007-08 DISTRICT BUDGET

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VALUES AND PARAMETERS FOR BUDGET DEVELOPMENT AND PREPARATION

In preparing the annual budget for the District, the goal is to develop a balanced budget that provides for programs and services that meet the needs of the community served by the Contra Costa Community College District. The budget will be developed within the context of the values and parameters below.

Values

The foundation of the budget development process is a belief in basic, shared values: honesty, integrity, transparency, and an overall sense of collegiality. Fiscal prudence will be exercised in the development and management of the budget. These values will be upheld by ensuring the following:

- Discussions and all actions are student-centered.
- Communication of financial information will be practiced to ensure dialogue among constituencies and honest portrayal of the District's financial condition.
- Decisions on financial matters are data driven.
- District budget practices are comparable to institutions of similar size and scope.
- Items included in the budget will be based on need.

Parameters

To the extent possible, the budget will:

1. allow the resources sufficient for meeting the needs of the diverse student population of the District;
2. be developed based on achievable FTES goals that provide for the highest possible level of student access;
3. Maintain a minimum emergency fund balance reserve of 5% of the unrestricted general fund budgeted expenditures for the fiscal year;
4. provide sufficient funding to ensure an appropriate number of faculty, classified staff and management personnel to fulfill the mission of the District and its colleges;
5. provide for contractual obligations and fixed costs;
6. cover the current year retiree health benefit expenses and increase restricted reserves for the retiree health benefit liability;
7. include funding for new Districtwide projects based on District goals;
8. adhere to formulae stipulated in Business Procedures;
9. budget and restrict college year-end carryover balances for one-time expenditures only;
10. maintain and improve our colleges in a manner that attracts students and provides an environment that promotes education, including providing matching funds;
11. include total compensation which will be in the top one-third of the Bay 10, excluding basic aid districts, only if the District can afford it;
12. reflect improvement in productivity at all levels; and
13. be developed within a multi-year plan.

LISTING OF ACTIVITIES IN THE DEVELOPMENT OF THE 2008-09 DISTRICT BUDGET

The following is a listing of the actions already taken and to be undertaken in the development of the budget for 2008-09. The Budget Calendar adheres to the guidelines for preparation of the annual budget as set forth in the California Code of Regulations. Among other inclusions, the Code requires adoption of the District's tentative budget by July 1 and adoption of a fiscal budget by September 15. In addition, the Code requires availability of the budget to the public for review with notification of such in a "newspaper of general circulation in the District" of the public hearing on the budget prior to adoption.

Following is the generalized Budget Calendar.

- | | |
|------------------------------|---|
| October/
December | <p>The District Educational Planning Committee shall meet to establish new, modified, and/or discontinued programs in the District.</p> <p>A Box 2A meeting shall be held to determine of the number of full-time faculty to be hired.</p> <p>The Cabinet shall meet to develop Key Goals and Strategies for Budget Development and shall share same with DGC.</p> <p>The Budget Calendar with specified dates for the subject fiscal year shall be developed and reviewed by Cabinet and DGC and then presented to the Board at the November Board meeting.</p> <p>Chancellor's Cabinet shall meet to review, revise as necessary, and approve any revisions to the allocation formulas.</p> <p>District leadership shall review with the Board Finance Committee the Key Goals and Strategies for Budget Preparation in preparation for the next fiscal year.</p> |
| January/
February | <p>Chancellor's Cabinet shall establish and reach agreement on FTES goals and present same to DGC for information.</p> |
| March | <p>The colleges shall be informed by the District Office of guidelines or allocations to govern expenditures (tentative budget allocations).</p> <p>District leadership shall conduct a budget workshop with DGC to discuss how the District budget is developed.</p> |
| April | <p>The Governing Board shall conduct a study session on the prospective fiscal year budget and give direction to the Chancellor on items to be included. The session shall include a review of the Key Goals and Strategies for Budget Development.</p> |
| April-May | <p>District leadership shall conduct budget forums at all District sites.</p> |
| May | <p>The colleges shall complete their Line Item Budgets based on the tentative allocations and transmit same to the District chief financial officer.</p> |
| June | <p>The Tentative Budget shall be submitted to the Governing Board for approval. It shall be filed with the County Superintendent of Schools on or before July 1.</p> <p>The District chief financial officer shall update DGC on budget changes.</p> |

- August** District leadership shall prepare the Final (Official) Budget.
- Carryover calculations shall be completed for the prior year.
- Newspaper publications shall be notified of the availability of the District's proposed Final Budget during the month of August, but not less than 3 days prior to the availability of the proposed Final Budget for public inspection.
- The Governing Board shall hold a public hearing for the purpose of presenting the Official Budget for approval. The finalized Official Budget shall be filed with the County Superintendent of Schools and with the California Community Colleges Chancellor's Office.
- October** Based on Fall census figures, adjustments are made to the FTES goals and budget if necessary.
- Throughout the year** The Governing Board approves budget transfers and budget adjustments per Board policy.

CONTRA COSTA COMMUNITY COLLEGE DISTRICT STRATEGIC DIRECTIONS FOR 2005-09

- 1. Achieve Enrollment Growth to Better Serve Our Community**
 - 1.1 Plan to achieve productive growth that will restore the district funding base.
 - 1.2 Provide improved access to meet community needs and college priorities.
 - 1.3 Enhance services to meet the needs of an expanding, diverse student population.

- 2. Reestablish the Fiscal Health of the District**
 - 2.1 Make sound fiscal decisions, based on district priorities and good information, that ensure the long term financial health of the district.
 - 2.2 Act as good stewards of the public funds at all levels.
 - 2.3 Make efficient use of all resources: fiscal, physical and staffing.

- 3. Improve Morale throughout the Entire District**
 - 3.1 Work together to create a positive, forward looking climate at all locations.
 - 3.2 Ensure that our interactions with our colleagues and our students are based on integrity, good will and mutual respect.
 - 3.3 Emphasize teamwork in our approach to problem solving through processes that adhere to applicable regulations and contracts.
 - 3.4 Provide open, timely access to accurate information.
 - 3.5 Ensure meaningful involvement of all constituencies in key decision-making processes.

- 4. Improve Student Learning and Achievement of Their Educational Goals**
 - 4.1 Develop processes for creating student learning outcomes at all levels (course, program, and degree).
 - 4.2 Create methods for assessing student achievement of learning outcomes and use the results to improve programs and services.
 - 4.3 Assess student/community needs and offer innovative, outstanding programs and services to meet those needs.

KEY GOALS AND STRATEGIES FOR BUDGET DEVELOPMENT

July 1, 2007 – June 30, 2010

STATUS REPORT - April, 2008

	Met	Not Met	Ongoing	Progress
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Budget Goal 1 – Develop strategies to fill the gap due to losses based on state regulations.

Strategic Direction/Objective:

2. Reestablish the fiscal health of the District.

2.3 Make efficient use of all resources, fiscal, physical and staffing.

1.1 Explore the establishment of middle college high schools at DVC and LMC.	X			DVC President participated in initial discussions and determined it was not feasible to pursue this option at this time. LMC President, V.C. for DW Planning and Ed Services, and the Mt. Diablo Unified School District Deputy Chancellor and Director of Adult/Career Ed. have convened meetings this year to plan for partnering in the submission of a Middle College High School grant application to the State Chancellor's Office for 2008-2009; however, due to budget constraints the State Chancellor's Office did not release the request for applications. All parties have agreed to continue planning, in anticipation of funding becoming available for 2009-2010. In May 2008, CCC will host LMC and Mt. Diablo Unified representatives for a presentation and observation of CCC's Middle College High School.
1.2. Ensure systems are in place for appropriate collection of non-credit FTES.		X		Actions have been taken and plans are in progress to standardize and streamline the attendance collection process utilizing the SARS-TRAK application which will be hosted centrally at the District Office.

Budget Goal 2 – Develop strategies to increase enrollment.

Strategic Direction/Objective:

1. Achieve enrollment growth to better service our community.

1.2 Provide improved access to meet community needs and college priorities.

2.1. Conduct a market assessment survey to provide a clear understanding of the educational needs of the various regions within our service area, to assess which needs are being met and which are not being met and, to recommend how the District can reposition itself to offer the correct mix of programs and courses to meet the needs of the various regions within our service area and how best to market those services.	X		X	<p>The market assessment survey was completed at the beginning of October. The first presentation of findings was conducted for the District Project Management team that included members of the project management teams district-wide on October 2. Subsequent presentations of findings were conducted twice at each college from October 10-24, 2007. Branding workshops were conducted at the Colleges in December, 2007, and January, 2008. The draft brand platforms were presented to the Colleges and District in March 2008, and the Colleges returned comments in April.</p> <p>Clarus Corporation is finalizing the results of all of the market assessment scans, which are forthcoming for the Colleges and District to share, analyze and use for planning purposes.</p>						
2.2. Develop a District Enrollment Management Plan based, in part, on the results of the market assessment survey to: <ul style="list-style-type: none"> • create incentives to grow or stop the enrollment decline; • remove barriers to enrollment; • create incentives that encourage student retention and persistence; • increase international and out-of-state FTES; and • inform the marketing efforts at both the District and colleges. 			X	<p>The cross-constituency district enrollment management team has been formed and has held two meetings. Preliminary work has begun on a district enrollment management plan. In the absence of the formal plan, the colleges and the District have taken actions to stop the enrollment decline. The District provided funds to the colleges to grow enrollment as well as to the international education program. At the time of this writing, District FTES has increased by approximately 2% over last year. Non resident numbers follow:</p> <table style="margin-left: 20px; border: none;"> <tr> <td style="text-align: center;"><u>2006-07</u></td> <td style="text-align: center;"><u>2007-08</u></td> </tr> <tr> <td style="text-align: center;">F-1—1150</td> <td style="text-align: center;">F-1----1252</td> </tr> <tr> <td style="text-align: center;">All:---1338</td> <td style="text-align: center;">All-----1490</td> </tr> </table> <p>Enrollment management plans are being developed each college and the District, using the data from the Clarus study as it becomes available.</p>	<u>2006-07</u>	<u>2007-08</u>	F-1—1150	F-1----1252	All:---1338	All-----1490
<u>2006-07</u>	<u>2007-08</u>									
F-1—1150	F-1----1252									
All:---1338	All-----1490									

Met

Not Met

Ongoing

Progress

Budget Goal 3 – Improve employee compensation.

Strategic Direction/Objective:

2. Reestablish the fiscal health of the District.

2.3 Make efficient use of all resources, fiscal, physical and staffing.

3.1. Develop and implement means to increase total compensation of all employees so that the District is in the top 1/3 of the Bay 10 salary schedule.			X	In 2006-07, the District restored salaries to 2003-04 levels after reducing salaries in 2005-06. In 2007-08, the District gave a salary increase of 7% to all employees for the first time since 2002-03. In an effort to move the District toward the top third of the Bay 10, for 2007-08, the District and its employee-groups developed a two-year salary agreement which gives employees a share of growth revenues as well as cost-savings in 2008-09. This agreement guarantees a greater than COLA increase in the second year, or negotiations are re-opened.
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Budget Goal 4 - Enhance college resources.

Strategic Direction/Objective:

1. Achieve enrollment growth to better service our community.

1.3 Enhance services to meet the needs of an expanding, diverse student population.

4.1. Develop and implement means to increase operating budgets.	X			For 2007-08, the District developed two new funding formulas which increased the combined funding the colleges receive for operating budgets and classified staffing.
4.2. Maintain the current ratio of full-time to part-time faculty.		X		The ratio of full-time to part-time faculty dropped slightly from 52.5% in 2005 and 53.6% in 2006 to 52% in 2007, as reported to the State Chancellor's Office. However, this reduction was due to additional courses being assigned to part-time faculty, <u>not</u> to a decrease in full-time faculty.

Budget Goal 5 – Ensure fiscal sustainability.

Strategic Direction/Objective:

2. Reestablish the fiscal health of the District.

2.2 Act as good stewards of the public funds at all levels.

5.1. Develop mechanisms that determine the appropriate distribution of resources to meet the needs of the District based on FTES or other measurement.			X	For 2007-08, the District developed two formulas that allocated funds for College operations and classified budgets that are directly related to FTES. The district plans to develop a formula for the allocation of management-funding based on FTES. The measurement for full-time faculty funding is based on maintenance of effort (MOE). The current formula for the allocation of part-time faculty is to be reviewed.
5.2. Manage and provide incentives for controlling costs.			X	The District continues to allow the Colleges to keep the savings they achieve on operations and classified budgets.
5.3. Solicit and evaluate employee ideas on how to control costs and implement viable ideas where possible.		X		The District will review the cost-savings survey it developed during 2003-04, and resolicit ideas from employees through DGC.
5.4. Develop a consensus on the definition of "productivity" for all employee groups.		X		The District has not begun working with its employee-groups to develop such productivity definitions.
5.5. Continue to differentiate between the use of ongoing and one-time expenses.	X			The District is committed to the transparency of its budget and financial condition. Continuing this differentiation helps with fiscal understanding

Met

Not Met

Ongoing

Progress

Budget Goal 6– Revise the budget development process.**Strategic Direction/Objective:****2. Reestablish the fiscal health of the District.****2.1 Make sound fiscal decisions, based on District priorities and good information that ensure the long-term financial health of the District.**

6.1. Ensure transparency in the budget development process.			X	The District is in the process of revising its budget policy and procedures. Consultation is occurring with the academic/faculty senate leadership as appropriate and with the DGC. Both groups have distinct roles in the budget development process; those roles are honored by the District leadership.
6.2. Revise the C-hourly allocation formula annual load component of the calculation to ensure an increase in the allocation if appropriate.		X		The District is currently reviewing the appropriateness of the current load component in the C-hourly formula.
6.3. Continue transparency in District financial reports.	X			The District treats the budget as a public document and shares details with employees through several mechanisms: monthly reports to the board, budget forums to the colleges, discussions with the DGC, and in the collective bargaining process.
6.4. Develop Key Goals and Strategies for Budget Development to coincide with District strategic planning.		X		The current Key Goals and Strategies for budget development are aligned with the current strategic plan.
6.5. Change college budget allocation model to coincide with state funding distributions.	X			The District has made such changes to the funding of its College operations and classified budgets.
6.6. Develop budget allocation model that gives the colleges autonomy in determining management and classified staffing levels.			X	The District has developed a funding formula that gives the Colleges full autonomy over their non-operational classified staff.

Budget Goal 7 – Develop a plan to meet the District's obligation for funding retiree health benefits under GASB 45.**Strategic Direction/Objective:****2. Reestablish the fiscal health of the District.****2.1 Make sound fiscal decisions, based on District priorities and good information that ensure the long-term financial health of the District.**

7.1. Borrow FTES in 2005/06 from 2006/07 and put these funds toward the District's unfunded retiree health benefit liability.	X			This has been done.
7.2. Monitor and report on the District's ongoing progress toward fully funding the retiree health benefits, and (should it become necessary) suggest changes to the District's ongoing contribution.	X			A request for proposals has been issued and is being reviewed by a Districtwide committee to select an administrative/management/investment firm to assist the District with meeting its Other Post Employment Benefits (OPEB) obligations.

Budget Goal 8 – Identify and develop new sources of income for the District.

Strategic Direction/Objective:

1. Achieve enrollment growth to better service our community.

1.1 Plan to achieve productive growth that will restore the District funding base.

8.1. Increase grant revenue through collaborative and cooperative efforts among the colleges and the District.			X	The colleges continue to secure grant funding for a variety of programs for our diverse student body. Exact dollar amounts by year are not available at this time. The District is in a partnership with Peralta Community College District in the implementation of a Career Advancement Grant at CCC, DVC and LMC, during 2007-08. Each college will receive \$86,000 over two semesters during the 2007-08 academic year.
8.2. Review facilities rental schedule.	X			The District reviewed its facilities rental schedule and determined that current rental amounts were in-line with the Bay-10.
8.3. Increase number of International Education students.			X	There has been an increase over the last year.
8.4. Review student fees.	X			The District reviewed all current student fees and determined that the fees are being charged represent all of the fees that are allowable.
8.5. Provide incentives for the development of new academic and vocational programs that are in keeping with our mission and meet the needs of our service area.	X			For 2007-08, the District has made \$100,000 available to the colleges for development purposes.
8.6. Increase number of full-fee courses offered (contract education).			X	The colleges are continuously looking for contract education opportunities.
8.7. Identify auxiliary enterprises that support our mission and would generate additional revenue above cost.		X		No auxiliary enterprises were identified for 2007-08. The District will continue to look for opportunities.

GOVERNING BOARD GOALS AND OBJECTIVES 2009
JANUARY 2008-JUNE 2009
(Budget-related objectives are highlighted)

The following Board goals are linked to the District Strategic Directions for 2007-2009. The tasks define the Board's role in supporting and achieving the Strategic Directions and are performed by the Board. The Board will evaluate its performance on these tasks as part of the Board self-evaluation criteria for the January 2010 Board self-evaluation.

District progress on the District Strategic Directions is assessed through evaluation of the Chancellor and other institutional effectiveness monitoring practices.

The Strategic Directions and Board Tasks are numbered for convenience only and do not indicate priority status.

District Strategic Direction 1: Achieve Enrollment Growth to Better Serve Our Community

- 1.1 Monitor enrollment patterns by review and discussion of relevant and regular reports.
- 1.2 **Assure that resources are allocated to foster enrollment growth through the budget process and ongoing monitoring.**
- 1.3 Monitor the effectiveness of strategies designed to promote enrollment growth, including the recommendations in the CLARUS study through review and discussion of relevant reports.
- 1.4 **Expect and monitor strategies to fulfill the economic development mission and assure that resources are allocated to the mission.**

District Strategic Direction 2: Reestablish the Fiscal Health of the District

- 2.1 **Ensure that all Board members have adequate and appropriate knowledge related to fiscal standards and accountability.**
- 2.2 **Make sound fiscal decisions, based on District priorities, Board budgeting criteria and available economic information that ensure the long term financial health of the District.**
- 2.3 Monitor the fiscal health of the District, including:
 - hire a new audit firm in 2008;
 - monitor that audit findings are addressed expeditiously; and
 - assure that resources are available to meet current financial obligations and plan for long-term needs.

District Strategic Direction 3: Improve Morale throughout the Entire District

- 3.1 Work together to create a well-functioning Board unit by adhering to principles of effective Boardmanship, including:
 - encourage attendance at conferences, and hold Board workshop(s) on audit principles; and
 - Review the Board's code of ethics and further define expectations.
- 3.2 Maintain a strong Board/Chancellor partnership by providing ongoing support, practicing open communication and honoring respective Chancellor and Board roles.
- 3.3 Actively support the colleges and advocate on their behalf.

District Strategic Direction 4: Improve Student Learning and Achievement of their Educational Goals

- 4.1 Communicate and uphold educational values and strategies that support student learning in all Board deliberations.
- 4.2 Monitor student learning by clarifying definitions and measures of student success and reviewing relevant reports.
- 4.3 Expect and monitor that educational programs are high quality, cost effective, and support student success.
- 4.4 Expect and monitor that institutional planning meets the needs of the communities served by the District.
- 4.5 Ensure that the workforce development for the CCCCD reflects the mission called for by the state.
- 4.6 Support student involvement in deliberations that involve student learning and educational goals.

PLANNING FOR DEVELOPMENT OF 2008-09 BUDGET

Our budget deliberations begin this year, as always, with the Governor's January 2008 budget proposal. The Governor proposed a series of statewide budget reductions to address the state's fiscal problems. In his budget message, the Governor stated that California had an immediate budget problem that had to be addressed. He indicated that for 2007-08, the state was facing a \$3.3 billion dollar shortfall which will grow to \$14.5 billion by the end of 2008-09 unless swift action was taken. To that end, the Governor called for across-the-board reductions to nearly every General Fund program, and a Constitutional Amendment to reform the state budget process as part of a long-term solution.

2007-08 SYSTEMWIDE REDUCTIONS

- A \$40 million mid-year cut to be applied as an apportionment reduction systemwide was deftly averted by our system office in their ability to apply to this obligation an assortment of unspent and uncommitted categorical funds from the current and prior two fiscal years. This action resulted in no reductions to any districts in the state.
Impact: None
- The Chancellor's Office revised 1st Principal Apportionment reports, issued March 20, 2008, that estimated the property tax deficit at \$86M statewide. Due to the property tax deficit, an apportionment deficit factor of 1.5% has been applied to all community college districts.
Impact: Contra Costa Community College District Apportionment Revenue has been reduced by \$2,175,438 as of March 20, 2008. The District's increased reserve provided the cushion necessary to meet this obligation without cuts to programs and services.
- Payments deferred to July 2008 will be further delayed until September 2008.
Impact: This delay translates to a \$25,000 loss in interest in 2008-09.

2008-09 PROPOSED SYSTEMWIDE REDUCTIONS

- Districts will not receive any 2008-09 cost-of-living-adjustment (COLA), representing a cut to the system of \$292M.
Potential impact: We depend on the state's COLA to maintain our level of service to students. We face higher costs in staffing, health care and other goods and services. Without COLA, we will be stretched to find resources for ongoing and increased costs.
- Across-the-board cuts to categorical programs.
 - 3.7% cut to DSP&S, EOP&S, CARE, Matriculation
 - 6.5% cut to Basic Skills
 - 12.8% cut to Student Financial Aid Administration
 - 10.9% cut to all other categorical programsPotential impact: The state's categorical programs are designed to provide services to students who, without such services, would be unable to be successful students or to attend college. This would be a loss of over \$1 million to our District.
- Only a 1% growth level will be funded (instead of the projected 3% growth).
Potential impact: The District is not limited to 1% growth. One of the results of the District's shifting ("borrowing") FTES from 2006-07 into 2005-06, was the establishment of 2005-06's reported 30,428 FTES as the "restorable" threshold (for fiscal years 2007-08 through 2009-10). Our District can

restore FTES with funding guaranteed well beyond the 1% growth funding; therefore, growth is a priority for us. ECS 84750.5(d)(6)(C) specifies that districts are entitled to restore prior FTES declines, and the associated revenue decline, during the three years following the initial year of decrease (2006-07) using any subsequent FTES.

- o Elimination of Competitive Cal Grant awards totaling \$57.4M.
Potential impact: These grants serve the lowest income and most disadvantaged students; 70% of these students attend community colleges.

CONCLUSION

Our District has been aware of the state's deteriorating fiscal situation which is why the Governing Board, over a year ago, directed the District to increase its reserves, in preparation for just such an occurrence. The Governor's proposals are obviously troubling, but we recognize that the Governor's actions are only the first step in a multi-step political process. As the budget-process unfolds, we will be closely monitoring the changes. Our increased reserves will not prevent us from having to make some difficult decisions ahead. However, we have situated ourselves so that we can take the time to make prudent decisions with a long-term perspective and continue to provide our students with a quality educational experience.

WHAT WE DO NEXT

We will continue to work with others on the restoration of the proposed cuts. Everything we hear between now and the May revision is speculative. Once we receive the May revision, we will use those numbers to develop the tentative budget to be presented in June. This study session will focus on our current status and our plans, based on the information given by the Governor in the January proposal.

KEY GOALS AND STRATEGIES FOR BUDGET DEVELOPMENT 2008-2009 (DRAFT)

The Key Goals and Strategies for Budget Development is a multi-year (three to five year) financial perspective with an emphasis on goals and corresponding strategies to accomplish those goals. The first iteration of this document was developed for 2006-07 and carried forward into the 2007-08 academic year. Many of the strategies established for that period have been met, resulting in significant improvements in the District's financial status.

When this document was prepared for the 2006-07 academic year, the District was responding to a four-year enrollment decline and the corresponding reductions in (1) employee salaries, (2) District personnel, and (3) college operating budgets. In addition, employees had not had a raise since 2002. An analysis of enrollment for the fall semester of 2006 showed District enrollment to be down approximately 7%, for an overall decline since 2002-03 of 9.9%. By the end of the 2006-07 academic year, the decline had finally stopped, and enrollment was up by .037%; enrollment is projected to be up by at least 2% at the end of the 2007-08 academic year. In addition, employee salaries were restored to 2003-04 levels in 2006-07 and salary increases of 7% were given in 2007-08. It is against this backdrop that the following Key Goals and Strategies for Budget Development 2008-09 have been developed.

Budget Goal 1 – Develop strategies to increase or maintain current enrollment levels Districtwide.

Strategies

1. Continue exploration of the establishment of middle college high schools at LMC.

2. Develop individual college and District enrollment management plans that incorporate results of the Clarus study and other related data that:
 - create incentives to grow, and encourage student retention and persistence;
 - remove barriers to enrollment; and
 - further increase international and out-of-state FTES.

Budget Goal 2 – Improve employee compensation.

Previously, the District has been in the top 1/3 of the Bay 10 as related to total employee compensation. Currently, the District has fallen to the bottom 1/3 of the Bay 10. In order to attract and retain quality employees and at the direction of the Governing Board, the District will need to find ways to increase total employee compensation. In an effort to move the District toward the top third of the Bay 10 for 2007-08, the District and its employee groups developed a two-year salary agreement which gives employees a share of growth revenues as well as cost savings in 2008-09. The agreement guarantees a greater-than-COLA increase in the second year, or negotiations are re-opened. The key to reaching the goal is making more funds available for compensation in a situation where all District costs are escalating and the state budget does not provide needed funding.

Strategy

1. Intensify efforts to grow enrollment.
2. Review current practices for duplication of effort and lack of efficiency.

Budget Goal 3 - Enhance college resources.

Several actions have been taken in the last year to enhance college resources: (1) the District developed two new funding formulas which increased the combined funding the colleges receive for operating budgets and classified staffing; (2) more than a hundred classified positions that had been vacant for years have been filled; and (3) the District continues to enhance funding for staff development and enrollment growth. Other actions must be taken to give the colleges more resources and control over those resources in meeting the needs of the students they serve.

Strategies

1. Develop a mechanism for distributing management FTES by site.
2. Maintain full-time to part-time faculty ratio at least 52:48.
3. Continue to provide additional funds for staff development, enrollment growth, and other activities as they become available.
4. Revise the C-hourly allocation formula annual load component of the calculation to ensure an increase in the allocation if appropriate.

Budget Goal 4 – Continue to ensure fiscal sustainability.

Strategies

1. Select an administrative/management/investment firm to assist the District with meeting its Other Post Employment Benefits (OPEB) obligations.
2. Manage and provide incentives for controlling costs.
3. Solicit and evaluate employee ideas on how to control costs and implement viable ideas where possible.
4. Develop a consensus on the definition of "productivity" for all employee groups.
5. Continue to differentiate between the use of ongoing and one-time expenses.

Budget Goal 5 – Identify and develop new sources of income for the District.

To increase discretionary revenue, the District needs to seek and develop alternate sources of funding in addition to apportionment.

Strategies

1. Increase grant revenue through collaborative and cooperative efforts among the colleges and the District.
2. Provide incentives for the development of new academic and vocational programs that are in keeping with our mission and meet the needs of our service area.
3. Identify auxiliary enterprises that support our mission and would generate additional revenue above cost.

STATUS OF 2007-08 DISTRICT BUDGET

We are on target to reach our FTES goal. Growth is projected to be about 2%.

	CCC	DVC	LMC	DW
2007-08 Goal	6,041	16,768	6,950	29,758
2007-08 Projection	6,063	16,667	7,405	30,135
Difference between goal and projection	+22	-101	+455	+376
2007-08 increase over 2006-07	+21	+76	+632	+729

The District reserve as of February 29, 2008, was at 9% or \$14.6M, 4% above the required 5% minimum. Already deducted from that amount are the following one-time expenses: \$2.2M to cover the property tax shortfall for 2007-08; funds for the purchase/upgrade of items to enhance the District's readiness for emergencies, including a siren system, four mobile units, a generator to be placed at the District Office, and repair of the campus emergency code blue phones; college enrollment growth incentive; and staff development funds for each location.

ASSUMPTIONS FOR DEVELOPMENT OF THE 2008-09 BUDGET

- o Enrollment Districtwide will remain stable.

	2008-09 FTES Goals
CCC	6,041
DVC	16,768
LMV	7,450
Total	30,259

- o Health benefits will increase approximately 10% or \$1,879,707
- o Step, class, and longevity increases will be \$859,153
- o Cost of utilities are not known at this point but expected to be lower
- o Salary increases are based on an agreed-upon formula which appears below. Salary increases will be determined once the enrollment increase is known. Cost per 1% increase in salaries is \$1.1M for all employees groups.

2008-09 Compensation Formula

The compensation formula for all employee groups passes 88% of the new, ongoing District revenue, minus expenses, to the salary schedule. The formula must generate a salary schedule increase at least as much as the state COLA or compensation will be renegotiated.

Formula Components:

- New Ongoing Revenues (COLA, Growth, Expense Decreases, Efficiency Gains, etc.)
- + Fronted Growth up to 1.25% equal to actual growth plus 0.5%
- - New, Ongoing Expenses (2007-08 1.25% Fronted Growth, Benefit Premium Increases, Costs of Growth, Step/Column/Longevity)
- = Salary Schedule Increase

PROJECTION OF DISTRICT USE OF RESOURCES

The following items, listed in the budget parameters, must be funded before consideration is given other items.

- Fund balance/reserve
- Full-time employee salaries and benefits
- Retiree health benefits
- Part-time faculty salaries and benefits
- Operational expenses (Includes expenditures for supplies, equipment, contracted services, leases, insurance, utilities, classified and student hourly staff)

OTHER ITEMS TO BE CONSIDERED FOR FUNDING IN 2008-09

From Governing Board Goals and Objectives for January 2008 – June 2009

- Enrollment growth
- Economic development

From the District Strategic Directions

- Enrollment growth
- Development of student learning outcomes
- Activities to enhance employee morale
- Enhancement of educational programs and services

Other

- Districtwide sustainability projects developed by the District committee

POTENTIAL FUNDING SOURCES

1. COLA would bring ongoing funds for the District, but it is unlikely this year considering the current state budget discussions.
2. Borrowing or shifting FTES is an option for the District. Funds gained from borrowing or shifting FTES from one year to the next fall in the one-time funds category. There are advantages and disadvantages to using this source of funding.

Advantages

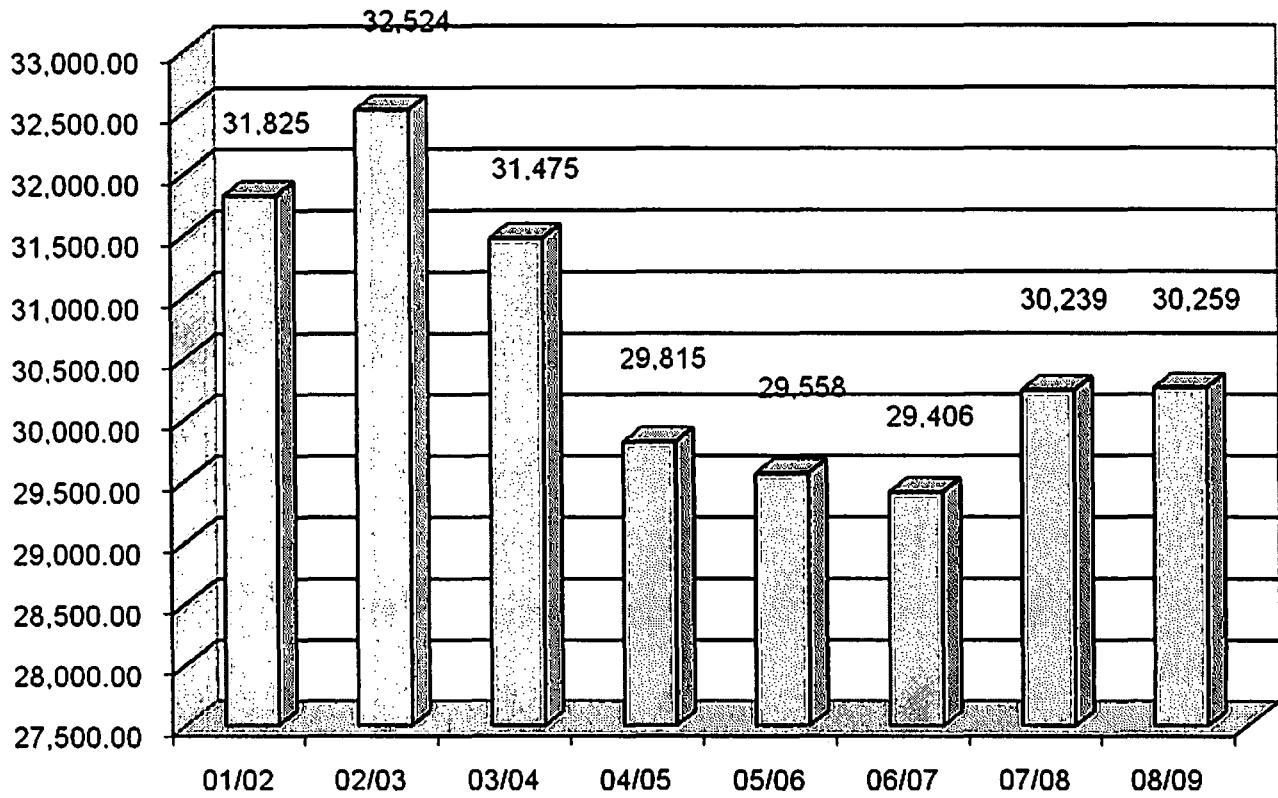
- The District would be able to contribute toward one-time liabilities:
 - banked load;
 - vacation accrual; and
 - retiree health benefits.
- The reserve could be increased.
- Funds could be available for unplanned expenses.
- The ability to borrow is available now and may not be in the future.
- We would be maximizing our current year one-time funding options.
- Funds could be used toward seismic challenges at CCC.

Disadvantages

- We could become dependent on borrowing and not adjust our budget to live within the apportionment funds we actually earn each year.
- Borrowing puts pressure to increase enrollment to new base in 2009-10.

APPENDIX

TOTAL DISTRICT FTES (2001/02 -20 07/08 ACTUAL, 2008/09 PROJECTION)



SALARY SCHEDULE AND DISTRICT BENEFITS PREMIUM HISTORY
(effective July 1 unless noted)

Fiscal Year	Salary Schedule Changes					Benefits Premium Changes	
	Faculty	Classified	Confidentials	Managers/ Supervisors	Chancellor's Cabinet	Medical Plans	Dental Plans
83-84	0.0%	0.0%	0.0%	0.0%	0.0%		
84-85	8.4%		8.4%	8.4%	8.4%		
eff. 7-1-84	4.0%	10.4%	4.0%	4.0%	4.0%		
eff. 7-1-85	6.2% (87.1% of work year)	5.4%	5.4%	5.4%	5.4%		
85-86	5.0%	5.4%	5.0%	5.0%	5.0%		
86-87	4.0%	4.0%	4.0%	4.0%	4.0%		
87-88	4.7%	4.7%	4.7%	4.6/7%	4.6/7%		
88-89	7.0%	7.0%	7.0%	7.0%	7.0%		
89-90	6.5%	6.5%	6.5%	6.5%	6.5%		
90-91	3.0%	3.0%	3.0%	3.0%	3.0%		
91-92	0.0%	0.0%	0.0%	0.0%	0.0%		
92-93	2.0%	2.0%	2.0%	2.0%	2.0%	5.53%	2.66%
93-94	2.0%	2.0%	2.0%	2.0%	2.0%	-0.03%	5.82%
94-95	4.0%	4.0%	4.0%	4.0%	4.0%	-6.95%	0.80%
95-96	4.0%	4.0%	4.0%	4.0%	4.0%	0.61%	4.17%
96-97	2.97%	2.97%	2.97%	2.97%	2.97%	14.18%	8.13%
97-98	2.26%	2.26%	2.26%	2.26%	2.26%	11.39%	6.50%
98-99	1.41%	1.41%	1.41%	1.41%	1.41%	11.90%	5.25%
99-00	6% + 1%	6% + 1%	6% + 1%	6% + 1%	6% + 1%	14.72%	15.45%
00-01 ⁽⁴⁾	4.25%	4.25%	4.25%	4.25%	4.25%	12.20%	6.97%
01-02	6.2%	6.2%	6.2%	6.2%	6.2%	24.03%	-1.42%
02-03 ⁽⁶⁾	0.0%	0.0%	0.0%	0.0%	0.0%	9.46%	-8.51%
03-04 ⁽¹⁾⁽⁵⁾⁽⁷⁾	-6.9% eff 4/1/05	0.00%	-7.00%	-7.00%	-7.00%	18.37%	6.17%
04-05 ⁽²⁾⁽³⁾		-3.38% eff 8/1/05	-5.25%	-5.25%	-5.25%	8.34%*	9.5%*
05-06 ⁽³⁾	5.54%(8)	3.5%(8)	5.54%(8)	5.54%(8)	5.54%(8)	8%*	4%*
06-07	7.00%	7.00%	7.00%	7.00%	Contract	8%*	4%*
07-08							

- ⁽¹⁾ Chancellor's Cabinet -2% FY 03-04 only
- ⁽²⁾ Classified 7% furlough. Conf, Mgr/Sup, Cabinet -7% FY 04-05 only
- ⁽³⁾ Faculty 3.38% for FY 04-05 and 5.25% for FY 05-06 administered as 6.9% 4/1/05 - 6/30/06
- ⁽⁴⁾ Medical copay \$0 to \$5
- ⁽⁵⁾ Medical copay \$5 to \$15
- ⁽⁶⁾ Dental plan switch to ACSIG Insured
- ⁽⁷⁾ Dental plan switch to ACSIG Self-insured
- ⁽⁸⁾ Restoration of 03-04 Salary Schedule