



DCC Budget Subcommittee Meeting Minutes

Thursday, May 24, 2024

Zoom Meeting

<https://cccd-edu.zoom.us/j/89159672570>

9:00 a.m. – 10:30 a.m.

Committee Members		
Name	Site/Title	Attendance
Marlene Drinkwine	Vice Chancellor, Finance & Admin Services & Co-Chair	Yes
Cyndee Ely	Academic Senate Designee & Budget Co-Chair, OCC	Yes
Dr. Merdith Randall	President, Golden West College	Yes
Dr. Andreea Serban	Vice Chancellor, Ed Services and Technology	Yes
Ann Holiday	Academic Senate President, CCC	Excused
Lee Gordon	Academic Senate President, OCC	Excused
Pete Bouzar	Academic Senate Designee, GWC	Yes
Danielle Hansen	Student Representative ASG	No
Kim Nguyen	CFCP Representative	Yes
Aeron Zentner (Lauren Sosenko, alternate)	CDMA Representative	Yes
Natalie Cooney	ACE Representative	Excused
Rob Schneiderman	CFE Representative	Excused
Vacant	CCA Representative	----
Sub-Committee Members		
Christen Nguyen	VP, Administrative Services, CCC	Yes
Rick Hicks	Acting VP, Administrative Services, GWC	Yes
Dr. Rich Pagel	VP, Administrative Services, OCC	Yes
Rupa Saran	Executive Director Information Technology, District	Yes
Open Position	College Budget Committee, CCC	--
Open Position	College Budget Committee, GWC	--
Lee Gordon	College Budget Committee, OCC	Excused
Ramon Calvillo	Classified Senate Designee, CCC	Yes
Kaori Nakama	Classified Senate President, GWC	No
John Fawcett	Classified Senate President, OCC	No
Other Attendees		
Crystal Crane	Executive Director HR, District	Excused
Daniela Thompson	Executive Director Fiscal Services, District	Excused
Stephanie Martinez	Director of Business Services, Golden West College	Yes
Derek Bui	Director of Business Services, Coastline College	Yes

Rachel Kubik	Director of Business Services, Orange Coast College	Yes
Julia Clevenger	Director of Chancellors Office Operations & Projects	Excused
Araceli Alvarez	District, Budget Director & Grant Manager	Yes
Rosalie Triggs	Executive Assistant to VC Finance and Admin. Svcs	Yes
Curtis Williams	Education Tech Assoc., Orange Coast College	No
Sue Harlan	Education Tech Assoc., Orange Coast College	Yes
Tom Neal	Dean, Coastline College	Yes
Virginia Nuzzolese-Laflamme	Former Classified Senate Designee, OCC	No
Janet Houlihan	District, Vice President	Yes
Steve Kim	District, Controller	Yes
Maridelle Acero	District, Administrative Assistant	No
John Taylor	Dean, Orange Coast College	Yes

1. Welcome and Call to Order (M. Drinkwine)

Vice Chancellor M. Drinkwine welcomed the committee members, The meeting was called to order at 9:05 a.m. VC Drinkwine acknowledged Co-Chair Cyndee Ely for being a great asset to the committee and for the robust discussions and interactivity while serving as Co-Chair. It was also noted that Cyndee's presence improved communication within the committee and increased transparency.

2. Comments from the Co-Chair (C. Ely)

Co-Chair Ely thanked VC Drinkwine and expressed her appreciation for the work being done to make forecasting and budgeting more realistic.

3. Review and Approval of Meeting Minutes (R. Triggs)

The May 2, 2024, meeting minutes were sent to the committee for comment. At this time, there are no changes or modifications to the minutes.

4. Governor's May Revise (M. Drinkwine)

VC Drinkwine stated that it's important to understand CCCDs fiscal journey and the connection to the fiscal health of California with the recognition of the loss of millions of dollars in revenues and how the state is responding in an environment of greatly diminished revenues. The entirety of the May Revise can be found at: ebudget.ca.gov.

Slides 2-6, The Governor's January Revise

- COLA of 0.76%
- Growth of 0.50%
- State Budget deficit of \$38 billion.
 - LAO disagrees with the governor's budget deficit forecast and projects the deficit to be closer to \$73 billion with the difference being in revenue projections and the Prop 98 shift.
- There is reliance on one-time actions to close the deficit
 - Spending \$13.1 billion from reserves
 - Shifting \$3.4 billion between funds
 - Delaying \$5.1 billion in funding
 - Deferring \$2.1 billion
 - Borrowing \$5.7 billion from special funds
 - Sweeping unused funds and reducing programs for one-time savings

- Additional Plan to Address the Deficit
 - \$5.7 billion to be withdrawn from the K-14 Public School Stabilization Account (AKA Rainy Day Fund)
 - As of the May Revise, the Rainy Day Funds have been completely exhausted. The fund was used to bolster funding for COLA. It was used in 2023-24 to ensure that everything the State committed to in the 2023-24 budget will still be paid.

Slides 7 – 10, Impact of the May Revise

Joint Analysis: www.cccco.edu/-media/CCCCO-Webiste/docs/report/2024-joint-analysis-may-revisison.pdf

- COLA increase from 0.76% to 1.07%
- There is a focus on identifying a two-year solution for a two-year problem (loss of revenues)
- State Shortfalls
 - \$45 billion in 2024-25
 - \$28.4 billion in 2025-26
 - LAO projects \$78 billion in 2024-25
- Inflation and elevated interest rates could hamper the economic recovery
- April – enactment of *Early Action Plan*
 - Provides broad authorization for the Administration to freeze one-time funding from the prior three years (sweeping unused funds) without further legislative action.
- Preservation of Core Programs through identification of non-core programs
 - VC Drinkwine expanded on preserving core programs, stating that it's complicated because the state is looking at categorical programs and trying to decide on what's core and what's not.
- Continued use of shifts, borrowing, and reductions to address deficits
- 7.95% reduction across all state agencies
- Rainy Day Fund expended
- Reduction in Programs and Grants
 - Learning Aligned Employment – reduced by \$485 million
 - Golden State Teacher Grant Program – reduced by \$60.2 million
 - Middle-Class Scholarship Program – reduced by \$510 million
 - California Preschool, Transitional Kindergarten, and Full Day Kindergarten Facilities Grant Program – eliminated \$550 million for 2025-26 expansion.
 - VC Serban made an important distinction on the sweeping of unspent funds using the Learning Aligned Employment Grant as an example, stating that funding per the guidelines would be spent through June 2031. Other categorical funds that we receive give a 24-month, or 30-month time span of funding and spending. The concern is that all of a sudden, the judgment that is applied now doesn't take into account the timeframes that originally were communicated to use in terms of by when funds should be spent.
- Continued Programs (these projects are funded with one-time resources and were considered critical enough to continue)
 - \$60 million - expansion of the Nursing Program
 - P. Bouzar asked if the funding available for expanding nursing program includes that pathways to nursing and prerequisites to get into the nursing program. VC Drinkwine stated she would respond to Pete after she had taken the opportunity to go back and look at the exact language in the budget act summary.

- \$5 million – pathways for Low-Income Workers Demonstration
- \$12 million – Common Cloud Data Perform Demonstration
 - Coast CCD is the Fiscal Agent
- \$6 million - Mapping Articulated Pathways for Credit for Prior Learning
- \$12 million – Expand e-Transcript California

Slide 13, Unrestricted General Fund Multi-Year Projections Adjusted for FSP

- Projected 2026-27
 - CCCD will exit the funding floor
 - Ending Balance % is projected at 15.70%, which is below the board reserve requirement of 16.67%
- Project 2027-28
 - Ending Balance % is projected at 11.26%, which is below the board reserve requirement of 16.67%

Slide 14, Next Steps

- 2024-25 Tentative Budget and Multi-year projections are being finalized (presented to the board on June 18, 2024).
- The Adopted Budget (September 4, 2024) will reflect the continued implementation of the Fiscal Stability Plan.

Summary

The governor released the May Revision of the 2024-25 State Budget, which included updated revenue adjustments. The state needs to deal with deficits resulting from a decrease in tax revenue, as well as structural deficits and the effects of delayed tax filings due to the 2023-24 wildfires. The impacts on community colleges include a decrease in Proposition 98 funding, an increase in withdrawals from the Public School System Stabilization Account, and a proposed increase in the cost of living adjustment (COLA) from 0.76% to 1.07%. The Tentative Budget is scheduled to be presented to the Board of Trustees on June 18, 2024. The Adopted Budget for Fiscal Year 2024-25, which will include the May revisions, the final state budget computations, and updated campus Fiscal Stability Plans, will be presented for adoption to the Trustees on September 4, 2024.

5. Future Agenda Items

No new items.

6. Next Meeting Date

The next meeting is scheduled for the 4th Friday of the Month, September 27, 2024

7. Adjournment

The meeting was adjourned at 10:16 a.m.