



GROSSMONT-CUYAMACA
COMMUNITY COLLEGE DISTRICT

DISTRICTWIDE STRATEGIC PLANNING & BUDGET COUNCIL

MEETING NOTES – July 11, 2005

ATTENDING: D. Agosto, J. Austin, S. Beasley, C. Chiriboga, D. Fitzsimons, J. Ford, T. Martinez, G. Perri, D. Quittner, S. Rearic, R. Rose, A. Satele, P. Setzer, D. Simms, B. Smith, B. Tiffany, R. Walker, P. White

ABSENT: J. Buckley, Z. Close, D. Colli, T. Gilson, B. Lastimado, D. Quittner, C. Slusher, O. Suarez

ALSO ATTENDING: E. Aharoni, B. Eygenhuysen, E. Reuter, R. Ibarra

RECORDER: P. Tillery

Strategic Planning

A handout was distributed regarding the history of the Districtwide Planning process. As explained in the handout, the Districtwide Strategic Planning & Budget Council (DSP&BC) recently recommended that the timing of Districtwide planning include an environmental scan in a cycle correlated to accreditation schedules, i.e., every six years with an interim review and update every three years. A core committee was also recommended to work on the environmental scan.

D. Agosto reported that a 17 member committee comprised of key constituencies Districtwide has been established to work on the environmental scan, and that the first meeting of the committee would be July 12, 2005. Status reports will be provided to the DSP&BC.

B. Smith suggested that the planning process should include a provision that the Academic Senates approve the environmental scan. Agosto responded that he would meet with Smith to discuss.

Agosto said that he would send the membership list of the Districtwide Environmental Scan Committee to DSP&BC members.

Budget

A. Gafcon Quarterly Program Management Report

Eitan Aharoni, Gafcon Senior Project Manager for Grossmont College, and Erik Reuter, Senior Project Manager for Cuyamaca College, presented the Gafcon Quarterly Program Management Report of *Prop R* construction activity for the quarter ended June 30, 2005. The report summary pages for each college were distributed.

Using a slide presentation, Aharoni and Reuter provided a review of projects during the past quarter, the status of current projects, and a look forward at upcoming projects.

B. 2004-05 Budget

1. Year-End Status

S. Rearic discussed the status of the 2004-05 year end. She reported that Purchase Order carryovers were rolled into the new fiscal year on July 1. A summary of Purchase Order carryovers will be distributed with the Adoption Budget Formula. She reported that benefits would be spread on July 12. Additionally, Rearic said that it is anticipated that by mid-week some initial balances would be available for sites to analyze and submit adjustments by July 15. She added that we are on target for a pre-close on July 29.

2. P-2 (Second Principal Apportionment)

J. Austin discussed the P-2, Second Principal Apportionment, that was received from the State on July 1. He explained that P-2 is based on actual enrollment reports from the Spring term, but that revised enrollments can be submitted until July 15, 2005. Austin said that the P-2 came in approximately \$2 million over the 2004-05 Adoption Budget for the following reasons: (1) the deficit factor; (2) prior year adjustment for late revenue; and (3) Basic Skills – more money was available than anticipated.

3. Lack of Growth FTES and Proposal to Pull Back Summer 2005 FTES

Austin explained that the District will not have adequate FTES to claim all of the 2004-05 Growth income available to the District. He distributed a handout that summarized the Chancellor's Cabinet proposal to report ("pull back") FTES from 2005 Summer classes as 2004-05 FTES, rather than 2005-06 FTES, and at the same ratio as used in the Income Allocation Formula. Using the same ratio as used in the Income Allocation Formula (69.34 % / 30.66%) would mean that neither college would be advantaged or disadvantaged by the strategy.

As a result of "pulling back" the Summer FTES to 2004-05, there could be a potential on-going income to the District of between \$400,000 and \$600,000 (dependent upon the pull back strategies of other districts.) Further, Austin explained that if Summer FTES were pulled-back, it would be funded as Growth FTES in 2004-05 and as Base FTES in 2005-06 and future years. He added that even if Summer FTES were pulled back, but not funded, that it would still become part of the Base reported for 2005-06. A downside to pulling back Summer FTES is that it could effect Department of Finance (DOF) project funding; however, at this time, there are no projects that would be affected by the DOF Growth calculation that is used to analyze future construction projects for funding.

The Chancellor's Cabinet proposal also recommended that the FTES Task Force be convened after the Fall 2005 census to re-evaluate the 2005-06 FTES growth goals in light of the pull back, and of the actual Summer and Fall terms.

The Council members discussed the proposed strategy to "pull back" Summer 2005 FTES. A member commented that because we our down 200 FTES and then to "pull back" 200 FTES, would mean that we would have to grow 400 FTES. Austin responded that he doesn't believe that we will make our Growth CAP next year, but that he doesn't believe we will drop below BASE. He said that he would prepare and distribute an analysis of how far we have to drop to affect BASE FTES.

Austin indicated that a decision on the "pull back" of FTES must be made by July 14.

There was also discussion concerning convening the FTES Task Force earlier than fall as proposed. In conclusion of the discussion, Austin indicated that he would schedule a FTES Task Force meeting in August and after Fall census, and that he would try to attempt to schedule the meetings on DEC and DSP&BC meeting dates.

C. 2005-06 Budget

1. State Budget Status

Austin distributed a State 2005-06 Budget Update. The compromise budget was passed on July 7. Included in the State budget was \$30 million for credit Equalization. The District's share of the Equalization funding is \$750,000.

2. District Budget Status

Austin explained that Block Grants included in the 2005-06 budget are approximately the same as 2004-05. He said that he would send information to Council members via e-mail concerning Block Grant funding in the 2005-06 budget.

3. Budget Preparation Status and Calendar

Rearic reported that the revised Adoption Budget Allocation Formula would be distributed at the August 8 DSP&BC meeting, and that the joint DEC and DSP&BC Adoption Budget Workshop will be held on August 29. The Governing Board's Adoption Budget Workshop will be held on September 13

4. Options for Recognizing Additional Prop R Interest Income

Austin explained that neither the 2005-06 Tentative Budget nor the revised 2005-06 Prop R Funding Plan fully recognizes interest income for the 2004-05 year or any income for the 2005-06 year. The 2004-05 income was not recognized because the actual amount will not be known until the books are closed; the 2005-06 was not recognized because of uncertainties regarding investment options for Prop R Series B proceeds. He said that the amount of unrecognized interest income that could be included in the Adoption Budget would be approximately \$3.5 million.

Austin distributed a handout and reviewed some of the options for recognizing and budgeting the additional Prop R interest income. Those options included:

- Distribute among Districtwide, Cuyamaca and Grossmont allocations based upon share of Prop R funding, or share of total capital construction program;
- Budget into site contingency accounts for unforeseen increases to existing projects;
- Distribute into specific projects;
- Unrestricted within Prop R rules and regulations;
- Hold in a program-wide contingency and distribute based upon specific funding applications

Austin asked the Council members to consider the proposed options and send their feedback and recommendations to him. Based upon the feedback received from Council members, Austin will prepare a revised discussion paper for the August 8 meeting of the DSP&BC. If there is not a resolution by Adoption Budget, the additional interest proceeds will be held in a Districtwide program contingency account.

Next Meeting

The next meeting of the DSP&BC will be **Monday, August 8, at 2:00 p.m., in the District Annex conference room.**