



Budget and Fiscal Planning Committee

September 25, 2013

Members present:

_John Lau, VP for Business Services, Co-Chair
√Kathy Berry, Administrative Representative (2:15 p.m.)
√Dr. Martha Garcia, College Council Representative
√Eric Jacobson, Faculty Representative
_Dave Drury, Faculty Representative
√Carlos Fletes, Director of Fiscal Services

Recorder: Mary Carter

√Kevin White, Academic Senate Rep., Co-Chair
√Jeff Cantwell, CMCA representative
√Mike Nicholas, CSEA Representative
√Matthew Thale, CSEA Representative
√Alex Whalen, ASG Representative

I. CALL TO ORDER

The regular meeting of the Budget and Fiscal Planning Committee was called to order by co-chair Kevin White at 1:36 p.m. on Wednesday, September 25, 2013. The meeting was held in the board room. Dr. Martha Garcia was introduced as the new member representing College Council.

II. APPROVAL OF MINUTES

M/S/C Cantwell/Garcia to approve the following minutes as presented:

1. September 4, 2013
2. August 28, 2013

III. ACTION

1. Budget Variance Threshold:

M/S/C Lau/Thale to recommend that the threshold for analysis of budget variance by the committee be set at 3% and \$10,000.

Discussion: VP Lau stated that it is important that the committee have the budget earlier in the year to begin its review. He will be bringing a proposal for a new budget calendar to the committee at a future meeting. In order to focus on significant issues, the committee must start with variances. Currently, there is not a set amount to trigger a review. VP Lau stated that because the first draft of the budget is very rough, it is better for the committee to look at the final draft budget. The review of the first budget needs to be done at the executive level to produce a "clean" budget containing only approved budget items. Dr. Martha Garcia has been doing research on budget timelines and will be bringing an example or examples to the next meeting. Co-chair White suggested that the budget calendar/timeline be an action item for the next meeting. VP Lau stated that he would like the committee to have a presentation on the new SPOL (Strategic Planning On-Line) software. This will be a tool that the college will be using to tie budget to objectives.

IV. INFORMATION/DISCUSSION

1. Budget Training Session: Carlos Fletes, Director of Fiscal Services, presented a budget training session on the college's account code structure. He explained that every transaction is coded and that information flows in to reports filed with the state. Coding is very important, for example capturing instructional expenses for the 50% law calculation. It is especially important for the 50% law report that the correct accounts are used for salaries. The handout "Budget Training Session 9-25-13" is available on the committee's web page under "Minutes". Revenue and an overview of the factors affecting revenue will be presented at a future training session. VP Lau stated that the trainings will help the committee make sense of the information it receives and to understand the development of the revenue and expense numbers.
2. Increasing reserve/funding methods: The co-chairs stated that the board has adopted the committee's recommendation to increase the reserve to 16.6%, however a plan/methodology is needed. The amount of money estimated to increase the reserve to the recommended level is \$3 million.

The committee discussed the FCMAT recommendations, including increasing the reserve. VP Lau suggested focusing on the issues that have million dollar implications such as: funding the reserve, funding the OPEB liability, and balancing budget with on-going revenues equaling on-going expenses. The committee needs to focus on the big issues in order to ensure solvency.

Member Nicholas asked if there are any changes to the budget assumptions from the President's message in the adopted budget. VP Lau stated that for the 1% growth, the college needs to be sure that it restores its FTES, there is no new information on the RDA backfill, but the budget is based on the lowest assumptions, and overall the budget is \$43,000 short of balancing. If there are any major savings from labor contracts that deficit will be less. For COLA (cost of living adjustments), VP Lau suggested giving off-schedule salary increases (one-time) so that COLA is not committed for future years. COLA also increases the value of FTES. Director of Fiscal Services Fletes stated that what the state gives on the left side, it can take away (deficit) on the right side of the state apportionment if there are not enough funds to go around among all the districts statewide (for example if more districts grow than was expected). On the apportionment report it would show that COLA was given, but it would be offset by a deficit factor.

Member Nicholas asked about the reports of summer FTES mentioned in the President's message. VP Lau stated that the census date determines what fiscal year the FTES can be counted. The college census date put the accounting of 380 FTES (approximately \$1.2 million) into next year. The college will have 380 FTES as a running start for 2013-14. The college has three years (the year of decline plus two years) to make up the 440 FTES needed. The college has now declined two years in a row because of not being able to use summer 2013 FTES for 2012-13.

- V. NEXT MEETING: Wednesday, October 23, 2013 VP Lau would like to report on the refinancing of the bonds at a future meeting. Co-Chair White would like to have the following items: FCMAT recommendations, response to accreditation recommendations, funding the retiree benefits liability, and increasing the reserve.
- VI. ADJOURNMENT: Meeting adjourned at 2:55 p.m.