



BUDGET COMMITTEE

Meeting Minutes
11/14/2013, 2 pm, PDC 104

Members Present – Cheryl Marshall, Denise Allen-Hoyt, Ed Millican, Ferny Arana, Girija Raghavan, Jeremy Sims (for Glen Kuck), James Dulgeroff, Jose Torres, Matthew Isaac, Mike Strong, Patrick Kirk Dorsey, Rhonda Prater, Scott Stark, Steve Sutorus, Tim Oliver, Yendis Battle

Members Absent – Amalia Perez, Karen Peterson, Kathy Crow, Stacy Meyer, Rosemarie Hansen, Sheri Lillard

Welcome/Introductions

Tim Oliver opened the meeting and self-introductions were made.

Approve October 10, 2013 Minutes

Members reviewed the minutes of the October 10, 2013 meeting. Jeremy Sims moved, and Matthew Isaac seconded, to approve the minutes. The motion was passed by consensus.

Budget Update

Jose advised that there has been no news on the Redevelopment Agency funds. He reported that there was not much to report this month other than the fact that the District will be receiving significantly more money from the State this year for Student Success (previously Matriculation).

Long Range Financial Planning

Tim advised that a task force comprised of him, Steve Sutorus, Larry Strong, Scott Stark, and Mike Strong had met twice to discuss long range financial planning. The goal is to develop a financial plan that reaches out 3-5 years.

He mentioned that one key factor in long range planning is FTES growth. Currently, SBVC is funded as a medium-sized college. During the recent budget decline, the State lowered its qualification for medium colleges (this year the limit is approximately 9,231 FTES). However, as the budget is now increasing, the intent of the State is to get back to 10,000 FTES for medium colleges. If SBVC does not keep up with State growth, it could lose about \$600,000 every year. Another enrollment management issue is CHC's 7.5% drop last year. It would be good for the District to see that restored.

This year the State allocated an additional 2.2% for growth and the SBCCD Board of Trustees approved 2% above that, for a cumulative goal of 3.9% districtwide. Chancellor's Cabinet is now discussing increasing that goal by another 2%, resulting in a growth target of about 6%. Both campuses have agreed they could meet that goal, but the District must also consider using State money to support the student services required to go along with increased FTES. All these considerations are part of long range planning.

Tim asked the committee what role it could play in the long range financial planning process. Mike thought it would be useful for the committee to see the long range plans from both campuses and the District, and review that information in light of State revenue projections and the Districts strategic planning efforts. He felt this would provide committee members with more

direction and an ability to see the big picture, which would better inform committee recommendations to Chancellor's Cabinet.

James Dulgeroff spoke on behalf of faculty. He said that there have been no increases over the last two COLAs and indicated that faculty members would not be happy if they didn't see some of the COLA in their salary going forward. Tim mentioned that the District is working with a salary study consultant – the Hay Group – but he couldn't comment at this time on James's request about including a 1% increase in the projections.

Denise Allen-Hoyt said the committee could offer suggestions about the bond money. Currently there is no bond money to take care of the buildings that are being constructed. Tim agreed that it is appropriate for the Budget Committee to address the impact of capital improvement on the budget. Mike mentioned that the District is facing some big costs in the future related to grant commitments and the institutionalization of grant positions. Tim agreed that we would definitely want to include this in any long range financial planning. James asked about the KVCR loan and Tim advised that the District will likely write that off as an uncollected receivable at the direction of the District auditors.

Committee members further discussed the need for consistency in modeling and districtwide uniformity in the development of budget assumptions and in budget preparation. This would promote understanding and transparency. In summary, the following items were identified as topics to be considered in long range financial planning:

- ♦ Priorities/needs
- ♦ State revenue projections
- ♦ Salaries/benefits
- ♦ Step and column increases
- ♦ FTES growth
- ♦ District strategic planning
- ♦ Bond impacts
- ♦ Grant institutionalization

Tim invited committee members to email him or Jose at any time with further ideas for long range financial planning. He advised that he will keep updating the committee on new developments in the process.

College Brain Trust Study Update

Tim asked for comments from those who had attended the presentation by Mike Hill and Mike Brandy from The College Brain Trust. Scott said it appeared the consults were deep into data collection mode and that they will come back with a report containing some findings/recommendations that the District may not like. Mike advised that the CHC Budget Committee felt it would have been helpful if those attending the group budget committee meeting had known that the consultants had met with campus administration earlier.

Tim advised the committee that the College Brain Trust report will share findings and observations. It will be on the District website and shared with everybody. Budget Committee members will review the report and make suggestions on which recommendations should be adopted. The consultants don't make the decisions, they only provide findings. After the report (hopefully in January), there will be another round of meetings.

Review District Budget Revenue & Expenditure Summary

In response to the committee's request for more information, Jose referenced the additional reports he sent to members via email prior to the meeting:

- 1) Fund 01, Unrestricted & Restricted Revenues

- 2) Fund 01, Unrestricted Revenues
- 3) Fund 01, Unrestricted & Restricted Expenses
- 4) Fund 01, Unrestricted Revenues

He advised that this month's report shows that the District is in line with the budget and asked committee members to let him know if they have any questions.

At Tim's request Jose talked about Capital Outlay. There is a budget adjustment going to the November board to move \$500,000 from the District reserves into Fund 41, Capital Outlay. The bulk of this money will be expended on a districtwide, prioritized list of facilities needs, as developed by Tim and the VPs of Administration. Other capital outlay money is coming from the State in the form of \$478,000 for energy projects under Prop 39, and a \$163,000 block grant from the state for M&O. Also included in the Fund 41 budget is approximately \$1.1 million to meet the District's IT needs, including the computer refresh and phone system.

There is a balance of Redevelopment Agency (RDA) funds being held in District reserve of approximately \$12 million. Going forward these funds will be spent on the highest priority needs of the district, although some of the funds may be designated by the RDAs for one campus or another.

2012-13 Committee Self-Evaluation

Regarding the 2013 Self Evaluation, Tim asked if anyone had comments or suggestions on the three items that contained Fair ratings.

Ed Milliken thought "Quality of information flow from the constituency groups to the committee" was the committee members' responsibility and that the fair rating was a form of self-criticism. He felt that this would right itself in time as the committee continued to meet and develop.

Regarding mentoring, Rhonda Prater felt there was no training for new members. It was decided that Jose would give a training presentation at the December meeting.

There was no comment on the last item "adherence to the norms". This item is now resolved.

Adjournment

The next meeting of the committee is scheduled for December 12, 2013 at 2:00 p.m. in PDC 104.