PRESENT:
Kathy Bakhit, Rosalinda Buchwald, Carol Horton – chair, Victoria Lambert (Student Representative), Irene Malmgren, Peggy Olson, Michael Pinta (Student Representative), Rocky Reynolds, Judy Rojas (recording secretary), and Linda Welz. Absent: Carol Cone, Mike Fehrs, Toby Guebert, Lan Hao, Jeanne Hamilton, Roseann Manfre-Campillo, Tasha Van Horn and Dr. Michael Viera Guests: Terry Miles and John Fincher

OLD BUSINESS:

4.1 Approval of minutes of September 11, 2006 – The minutes were will be approved at the next meeting due to lack of quorum.

NEW BUSINESS:

4.2 Review of P1 Report - Carol Horton distributed copies of the 2006-07 First Principle Apportionment Report, Exhibit C. This report for all of the California Community Colleges can be found on the Chancellor’s Office website under Apportionments. This report is in a new format due to the SB361 funding formula and is easier to read than in years past. Carol explained the details of the report. She noted that we have a decline of 217.21 FTES. COLA rate at 5.92% is $2.8 million. Our total revenue with COLA is $50,170,027. Our growth rate is at 2.08% or $975,436, but we are not getting it because we did not grow. We get 1 year of stability funding, which is $908,809. Next year the base will fall back the 217 FTES. After this year our base will continue to decline if our FTES do not increase. Each year that you don’t make your base you get stability funding. If we show any increase in current year we won’t drop base next year. P1 is calculated from summer session and fall session with estimates for the spring semester using an annualizer. The data is sent mid January to the state by Lois Papner. P2 will be done on April 15th. District revenue is split between enrollment fees, property taxes and general apportionment. In relation to cash flow it benefits us to get our money from the state rather than from property taxes.

4.3 2007-2008 Budget Calendar – The 2007-2008 Budget Calendar was distributed to the committee. Carol Horton reported that Carol Cone is currently rolling over the budget for 2007-2008. The Budget Calendar and the Budget Assumptions will both be going to the Board of Trustees on 4/3/07 for their approval. Next week the budget worksheets will be going to the President, Vice Presidents and cost center managers for initial review. They need to be returned to Carol Cone by 5/7/07 for preparation of the Tentative Budget which will be reviewed by this committee on 6/11 and adopted by the Board at the June 19th meeting. In July and August we refine the budget with the most current information on
salaries and benefits. On September 11, 2007 the Budget is submitted to the Board of Trustees for final approval. Carol Horton asked for a motion to approve the Budget Calendar. Rocky Reynolds motioned that the 2007-2008 Budget Calendar be approved. Peggy Olson seconded the motion and it was unanimously approved by the committee.

4.4 2007-2008 Budget Assumptions – The 2007-2008 Budget Development Assumptions were distributed to the committee. This document is the guideline used for building the budget. REVENUE - Carol Horton explained that after calculating the base apportionment plus COLA of 4.04% the figure is not what they were hoping for. Lottery Revenue is estimated at $137.75 per FTE @ 11,925 FTES. July and August gives us the time to readjust if P2 or Final Apportionment comes in higher. Interest rates are based on the rates from the current year. Rates have not fluctuated much in the last couple of years. Kathy Bakhit asked where we do our banking and what rates are we receiving. Carol Horton responded that our funds are held at the Los Angeles County Treasury and our rates are a little over 4%. We currently have 578 FTES that are non-resident. Local revenue will be budgeted on actual revenue received with adjustment for one-time revenues. We did receive some one time money this year for mandated costs reimbursements but we will not be receiving any next year and we will not budget for it.

EXPENDITURES – Salaries for 2006-2007 existing positions and vacancies are budgeted at the beginning salary for classified and an average for faculty. If we get actual salary for faculty before the budget is adopted it will be input. Deans will now be working on identifying adjunct faculty requirements so that they can be added to the budget. Step and column/class adjustments will be made as well as negotiated settlements. Increases in any benefits are budgeted as they are received by the state and the health care companies. There are no budget increases planned in instructional materials and supplies, service agreements and memberships or capital outlay. Transfers have to be budgeted for scheduled maintenance, instructional material or grant requirement matches. Carol Horton asked for a motion to approve the budget assumptions. Irene Malmgren motioned that the 2007-2008 Budget Assumptions be approved. The motion was seconded and unanimously approved.

Terry Miles asked why we had transferred $1 million dollars from the General Fund to Capital Outlay. Carol Horton responded that it was for several scheduled maintenance projects that required matches but it will not be done again this year. In June of 2006 we had an 8.21% reserve of $4.8 million. This year we have estimated 7.2% reserve of $4.2 million based on last years figures. The projected ending balance for 2007-2008 with projections of salary changes is at 4% or $2.4 million. Carol stated that she can’t take a budget with less than a 5% reserve to the Board of Trustees. There are several cost centers with money that is not spent and if it is not spent it goes back into the ending balance and is reallocated. When we get in a tighter budget situation we cut in areas other than Instruction, such as custodial and maintenance. We are going to have to develop a financial recovery plan especially if enrollment does not increase next year. Instruction makes the money and if we do not have FTE’s we do not have revenue. The productivity/efficiency study that was done shows that we have gone from 435 to 483 to 510 for our productivity rate. The state standard productivity rate is 525 and the state average is 540. Every class should produce 525 weekly student contact hours. We are at 510 currently and have been making progress. We need to continue to look at enrollment management, retention and transfers. We
continue to strategize until P2 is done. We are basically down $3 million in revenue this budget year. Kathy Bakhit asked how much money is left over from cost centers that do not spend what is allocated to them. Carol responded that it could be as much as $1 million, but also we need to keep in mind that she has not budgeted yet for retiree health benefits which is required. We are currently funding these benefits as we go. Carol Horton explained the GASB43 and GASB45 requirements for retiree health benefits. We are required to catch up on funding for all employees plus the current retirees for their potential health benefits due after retirement. It is not a law but a Government Accounting Standards Board requirement. As of 2008-2009 it will be required to fund this item. Last year we budgeted about $500,000 for the pay as you go amount for the employees that are already retired. Based on the actuarial study, we really need to budget about $1.5 million for the retirees that are already retired and our current employees. Our current liability is $13.9 million. If we do not have a plan in place for the GASB43 and 45 funding it will be an audit finding.

The meeting was adjourned at 1:20pm.