CITRUS COMMUNITY COLLEGE DISTRICT
Office of the Vice President of Finance and Administrative Services

FINANCIAL RESOURCES COMMITTEE MINUTES- September 30, 2009
1:00 p.m. – AD206

PRESENT: Kathy Bakhit, Carol Cone, Carol Horton – chair, Eric Magallon, Lan Hao, Dennis Korn, Roseann Manfre-Campillo, Jim McClain, Martha McDonald, Judy Rojas (recording secretary) and Linda Welz Absent: Karlyn Bradley (student representative), Rosalinda Buchwald, Toby Guebert, Jeanne Hamilton, Irene Malmgren, Dr. Geraldine Perri, Rocky Reynolds, and Steve Siegel.

OLD BUSINESS:

9.1 Approval of Minutes of September 2, 2009 – Minutes approved as presented.

NEW BUSINESS:

9.2 2009-2010 District Budget – Carol Horton presented the Power Point slide show that was used for the Budget Forum on September 17, 2009 and that will now be presented at the Board of Trustees meeting on October 6, 2009. Most of the members of this committee attended the forum and are familiar with this presentation. Carol stated that she always starts with prior year data and how it affects our current year beginning balance. In November we were told that we would loose about $3 million dollars. Our target in the district was to reduce the deficit down to nothing. What created the loss in the state was elimination of COLA, reducing state mandate funding and the shortfall in general apportionment and property tax shortfall. State funding is the majority of our funding. Local revenue includes enrollment fees and state taxes. After all the cuts we made last year and cost centers not fully spending their allocated budget amounts we ended the year spending $59 million dollars. We are a salary driven business at about 88% of expenditures being salaries and benefits. A healthy institution should be between 84% and 87%, but because of our drastic cuts we are a little high in that category. The ending balance at the end of 2008-2009 was $7.5 million dollars, an increase of almost $800,000. We generated a little over 13,000 FTES and were only funded for 11,974.

For 2009-2010 we have $120 million reduction to general purpose funds, $53 million in property tax shortfall, $21 million in student fees, elimination of all FTES growth funds and no cost-of-living allowance as well as $333 million in cuts to categorical programs and an increase to student fees from $20 to $26 per unit. This equates to an almost $2 million cut to the general fund. Budget revisions will have to go to the Board of Trustees for the categorical programs because originally we were told that the system would get $130,000 million of the stabilization federal funds. When we developed the final budgets for our categoricals they told us we had $37 million or 28% backfill. As it turned out the Department of Finance made an error in calculation and we are now getting $35 million or 25% backfill. This will impact the ending balance to general fund. The categorical programs
have gone through the same cuts as the general fund programs have gone through. We have had an increase in student fees, but we have lost FTES funding because the state used last year's enrollment figures in developing the budget. Carol stated that we were 8.5% over cap because our fill rate/productivity was so high and the system kept dropping our cap. We started at about 12,500 and we ended at 11,974. Instruction had a hard time trying to find the target. We have been given authorization to move funds between categorical programs and we will have to make those decisions on what are we going to shift and what components of categoricals are we not going to fund. Citrus has done several things to reduce expenses such as, reducing class schedule, deferring filling vacancies, limiting travel, minimizing equipment and supply purchases, decrease hourly on call support, reduce institutional membership and limiting use of consultants and contract agreements.

For the 2009-2010 budget the Federal revenue is listed at $238,381. The $222,000 will be transferred to categorical programs. If the taxes or enrollment fees decrease then the state apportionment will go up, but if the state does not have money there will be no backfill and there will be a deficit applied to apportionment. The state promises the money but they are not always able to provide it. By law they have to backfill K-12 districts but not community colleges. This is why Carol Horton needs to keep a high reserve because there is no security. Carol noted that in the past we have had fall out from supplies and equipment expenditures, but because we have cut so much we may not have any fallout. We are estimating and ending balance of 10.256% or $6,164,147.

Carol stated that all the CBOs in the state are talking about the 50% law. We made it at 50.03% for 2008-2009. We do not calculate the 50% law until we close the books. We have tried to run estimates in May or June and it is not accurate. Kathy Bakhit asked if we could apply for an exemption if we do not make it. Carol stated that we do not qualify for an exemption because we keep a 5% reserve. The chancellor’s office is looking at the 50% law because of the huge reduction in revenues and revising the exemption qualifications.

Carol asked that we change the last presentation chart to compare funded and actual FTES. Kathy Bakhit asked how they came up with the 11,552 FTES. Carol responded that it is a formula driven calculation done by the Chancellor’s Office.

The first 4 pages of the fund 01.0, 2009-2010 budget were distributed along with the totals page. Carol recapped the information provided. Carol noted that what has been confusing to many people are the amounts that we have to transfer out to categorical funds which are matching funds from the district. The transfers are detailed in the budget in Carol Horton’s cost center. The restricted funds also detail where the funds that they receive are coming from. This is where the deficit is created. What we like to do is have enough revenue to pay expenditures and to have an excess without going into the ending balance, but we don’t have enough revenue this year, so we have a deficit.

Kathy Bakhit asked if there is a list on the website that lists all the programs. Carol responded that they are all in the budget book under fund 01.3, restricted general fund. Kathy asked if this will list all the funds that the school has to match from the federal government. Carol responded that it is state funds not federal funds. Carol explained that in
government code accounting we have a general operating fund and a restricted general operating fund. They are restricted by categorical programs that have specific rules for spending the money including what and who it can be spent on. This spending also has to be reported to the state in detail. The district is also required to match funds provided by the state to categorical programs to service certain programs and student populations.

The next meeting is scheduled for October 7, 2009 at 2:00pm in AD206.

The meeting was adjourned at 2:07pm.