PRESENT:
Jorge Acosta (guest), Rosalinda Buchwald, Carol Cone, Shawn Glassbrook (student representative), Jeanne Hamilton, Lan Hao, Carol Horton – chair, Dennis Korn, Eric Magallon, Roseann Manfre-Campillo, Martha McDonald, Judy Rojas (recording secretary), Steve Siegel, Edward Trickey and Jody Wise.

ABSENT:
Kathy Bakhit, Toby Guebert, Irene Malmgren, Dr. Geraldine Perri, Rocky Reynolds and Linda Welz.

OLD BUSINESS:

3.1 Approval of Minutes of February 3, 2010 – Minutes approved with minor changes.

NEW BUSINESS:

3.2 State Budget Update – Carol Horton provided a report from Erik Skinner, Vice Chancellor for Fiscal Policy of the Chancellor’s Office. He communicates with the CBOs what is happening legislatively through the budget process. She also provided a synopsis that was presented at the Board of Trustees meeting on March 2nd. At the February Financial Resources Committee meeting Carol Horton discussed the Governor’s proposed budget for 2010-11. This document addresses what the Legislative Analysts Office (LAO) proposes as opposed to the Governor’s proposal. The LAO is the body of the state government that writes up scenarios regarding budget and finance to help legislators to prepare to go through their process of approving the budget and the trailer bills that go along with the budget. We are in our first rounds of proposals. The LAO is a non-political and non-partisan body that gives recommendations to the legislators. The LAO feels that it is so difficult to forecast what the Prop 98 dollar amount will be for education it is just better to suspend the Proposition. The system and community colleges do not want Prop 98 suspended. It gives the legislature much more latitude in providing revenues to schools. They are also proposing raising the student fees from $26 to $40 per unit. This was proposed for the 09-10 budget by the LAO and was not approved. Last year the LAO proposed a $40, to $50 and then $60 increase with a COLA adjustment. Now they are also recommending how we use the money from the increase. The LAO recommends directing the $126 million generated from the increased enrollment fees to fund the 2.2% enrollment funding proposed in the 10-11 Governor’s Budget. The LAO recommends rejecting the negative COLA and reduce our revenue by our COLA amount. The LAO also recommends rejecting cuts to EOP&S and Part-Time Faculty Compensation by $10 million each and rejecting $20 million augmentation to SB70 CTE (Career Technical Education). LAO also
recommends increasing flexibility in restricted funds for categorical programs such as:

- Suspend full-time faculty obligation.
- Suspend or modify 50% law.
- Suspend limitations on contracting out for non-instructional activities. (this is classified work)
- Add more programs to the CCC categorical flexibility item, adding EOP&S, Basic Skills, Fund for Student Success and Financial Aid Administration.

For the 09-10 budget we were given the flexibility to move money between some of the categorical programs or choose to move money between components of one program. For example Matriculation has seven component parts to it. We can choose as a district to perform only some of those functions. At Citrus we have reduced services but have not eliminated services. The General Fund is helping to support some of these programs. We are trying to make decisions for the 2010-11 Budget for those programs.

This is just the beginning of the process. The statutory date for adoption of the budget is June 15th. The legislature made the date last year but revised it in September.

3.3 Budget Revisions – Carol Horton reported that 3 funds were taken to the Board of Trustees last night for revisions; fund 01.0 General Fund, 01.3 General Fund Restricted and 33.0 Child Development Center. The revisions are based on changes in revenue and adjustments to expenditures. In the General Fund we increased revenue by $278,000 from the time we adopted the budget in October to February. This was from the increase in student fees from $20 to $26 as well as ARRA funds coming in. In adjusting the expenditures we had an increase in $48,000 in faculty salaries, $26,000 in classified salaries and $61,000 in benefits going along with the salary increases. We also had a transfer of $139,000 from the General Fund Unrestricted to the General Fund Restricted for backfill on categorical programs. The bottom line is we added $2,212 to the ending balance. We only do budget revisions when the budget gets out of line. On the General Fund Restricted, which Rosalinda Buchwald manages, the funds received must be what you spend. There was an adjustment in revenue of $613,900 and expenditures of $613,900. There is an occasion where you might have an ending balance but it will be reported at year end. The Child Development Fund works the same way and they had an increase in state revenue based on the number of children they serve of $16,000.

We are still deficit spending by $1.4 million in the current budget. We are looking at P1 and hoping that prior year revenue that we booked will go up. Carol is expecting that current year spending will be reduced. Carol Horton reported that the state is trying to cover some of the short fall in revenue is by not paying the colleges their March apportionment dollars of $141 million, which is just an accounting trick with numbers to attempt to balance their budget. The state did this to us several times last year also. If the state does not pay us within their fiscal year then they haven’t spent
it in the current year. We are lagging behind in several periods of the year in the amount of about $7 million in cash. This is because the state is cash poor, but this will eventually catch up with them. The $141 million that the colleges should get in March will not have to be paid until May 1. We have been asked to provide data to the Chancellor’s office if this situation will be a hardship for us, such as not paying payroll, vendors, etc. through that period of time. The State Controller, Department of Finance and the State Treasurer believe that the cash flow situation will be cleared up by April 5th. The legislation that passed on February 25th says that state does not have to be accountable to us for payment until May 1st. We have enough money in cash in the General Fund and other funds to take care of payroll etc. Rosalinda Buchwald monitors our cash flow requirements closely.

Dennis Korn asked if Carol Horton felt that they will raise the student fees. Carol Horton is not sure. The boards and the CEO’s are not behind the proposal of raising fees. Carol Horton is interested what the students of Citrus think of a possible increase in fees. She asked if the student representative could bring this up at the next ASCC meeting to see what the student opinion is. Does it make education cost prohibitive for them? Jeanne Hamilton stated that she has seen data to say that California still charges less that half of the next lowest state. If they raise the fees they know there will be a substantial drop in enrollment. That is why we have such a high participation rate at our community colleges, because it is so cheap. The other thing is that we have the Board of Governor’s waiver that affects 50% of students in the state. For them no matter what the fees are raised to it will not affect them. Carol Horton stated that the suppression of the growth is not an issue because of the economic climate. We are turning away about as many as we have in class it will take a few years to turn enrollment around.

3.4 Budget Assumptions and Calendar - The Budget Assumptions and Calendar were distributed and reviewed. After this committee reviews and approves these documents they will go to the Board of Trustees at the April 6th meeting. On April 7th the budget worksheets will go to the cost center managers. They should be returned to Carol Cone by May 7th. Tentative budget will come to this committee on June 2nd and to the Board on June 8th. Throughout the summer we will monitor the state situation and adjust our revenue and expenditures based on what the legislature is approving for the budget for community colleges. Prior to the adoption we will have a campus-wide forum to present the budget. The budget is scheduled to be adopted at the September 14th Board of Trustees meeting. The budget calendar was approved by the committee.

The distributed Budget Assumptions go the Board at the same time as the Budget Calendar but since we do not have a lot of information yet we are basing the information on this form on current year information. Lottery revenue is expected to go down for 2010-2011. Interest is going up a little but cash is going down, so there will not be much difference. We do not have the luxury of shopping around for rates because our money stays in the county treasury.
Expenditures are closer to actual than the revenues. 4 vacancies are currently approved and have been flown. We are in a hiring slush but certain critical positions are being filled. We are also hiring possibly 5 full time faculty to meet full time faculty obligation. This is decided through FNIC. Step and column and class are in the budget. For the entire district the cost was $750,000. Faculty salary schedule has been implemented. Vacancies do not have any money behind them in the budget. We do not have a lot of information on statutory benefits yet. PERS will probably go up to over 10%. We have budgeted a 10% increase for both Blue Shield and Kaiser. Our broker stated that increases are coming in huge double digits. Hopefully our good experiences will help keep our increase down. Carol Cone and Rosi’s staff are closely watching cost centers to ensure that they do not go over budget in instructional material and supplies and service agreements. Transfer budget that will impact the general fund is the required transfer to categorical programs to keep the services and programs running. As we get better information we change this document and bring it back to this committee and back to the Board of Trustees. The committee unanimously approved the Budget Assumptions.

3.5 Other – Part of Accreditation is always connecting and linking budget with planning. All departments are doing program reviews and we are trying to link those program reviews and the needs that come out of them for staffing, physical plant and equipment needs to what we are actually spending. Academic Affairs (Instruction) has created, by using the program reviews and the dean’s meetings, a composite prioritized list of equipment, staff and facilities requests. Jody Wise distributed and presented the Academic Affairs lists. Jody Wise stated that not all of the deans were present at the meeting to prioritize the main lists, so they may want to bring them back to this committee after a second meeting. Carol Horton stated that these requests are looked at objectively, based on true needs of program. These are cabinet level discussions and decisions based on the recommendation of the departments. Carol Horton must look at the entirety of the campus and try to disburse the sources of revenue equitably. Jody Wise felt that the deans do not know the whole picture but they do try to be fair to the whole campus. Carol will review these lists and determine what has already been done, what can be done and how it can be funded and bring the lists back to this committee. Some of the items are just ongoing maintenance and others are cosmetic and we have to weed the ones that are not necessary. Carol asked that Ed Trickey get the staff requests to Cabinet for review and he can bring them back to this committee.

The meeting was adjourned at 3:30pm.