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

FINANCIAL RESOURCES COMMITTEE MINUTES- April 7, 2010
2:00 p.m. – AD206

PRESENT:
Rosalinda Buchwald, Carol Cone, Shawn Glassbrook (student representative), Jeanne Hamilton, Carol Horton – chair, Dennis Korn, Eric Magallon, Rocky Reynolds, Judy Rojas (recording secretary), Edward Trickey, Linda Welz and Jody Wise.

ABSENT:
Kathy Bakhit, Toby Guebert, Lan Hao, Irene Malmgren, Roseann Manfre-Campillo, Martha McDonald, Dr. Geraldine Perri, and Steve Siegel.

OLD BUSINESS:

4.1 Approval of Minutes of March 3, 2010 – Minutes approved with one minor change.

NEW BUSINESS:

4.2 State Budget Update – Carol Horton reported that we have not received any information lately from Scott Lay or Erik Skinner regarding the budget to report on. There is not much information coming out of the legislature right now either. What Carol Horton reported is basically what has been reported in the newspapers. The economists are now saying that the worst year will be 2013-14. The accounting maneuvers that the state has used in the last few years to balance the budget such as the deferral of payments to community colleges, and the additional taxes put in last year that will run out, the federal back fill going away, deferral of funding the employee retirement programs etc. all have an effect on the state of California’s economy. Carol Horton added that she does have some good news. Last year when we adopted the budget we adopted a $1.4 million deficit which brought our ending balance from 12% to about a 9% reserve. At the close of the last year we were informed by the Chancellor’s Office and the League that there were two pockets of monies that were short; shortfall in taxes and reduction in apportionment dollars for enrollment fees for a total of $825,000. The Chancellor’s Office also put a deficit on what was remaining of apportionment dollars by 2%. At P1 it was determined that they backfilled the taxes and enrollment fees and the deficit was reduced from 2% to 1.6%. We now have $945,000 to add to revenue from prior year which brings our deficit spending to $500,000 in operating budget which brings our ending balance up to about 12%. In preparing the budget for 2010-11 based on the budget assumptions, it raises our ending balance next year from the estimated 5.6% to 9%. We need the ending balance because that is what we live off of the next year and this has bought us one more year. We booked this amount correctly but the dollars were not taken away from us and amounts were backfilled unexpectedly. Jeanne Hamilton asked when the books are closed does Carol think there will be any leftover. She realizes that all the departments have gone through cuts. Carol Horton noted that we usually
have about 2% that falls out of the cost centers, which are not in salaries and benefits, but are in the 4, 5 & 6000’s. Carol stated that we have had budget cuts and everyone is spending their budgets. Carol Cone stated that at this point cost centers should have about 20-24% of their budget left and we are about at that point right now. Carol Horton stated that the Chancellor’s Office is recommending that we continue to budget a deficit for current year. The prior year was good but she does not feel that the legislature will get close enough to a budget act by the time we close the books in August to give us any indication of a true figure. Carol Horton stated that this is the only year that the legislature has ever given the system the option to not applying the deficit but of reducing the workload measures. The reduction in classes is because the workload measures are reduced. Right now Academic Affairs objective is to get the budget and the schedule in line with what FTE’s are being funded. This is not how it was done before. Previously, if we were funded for 11,900 we wanted to generate 11,900+ and still be a little over cap. This year the rules have completely changed. We have dropped in funding from 2008-2009, 11,900 funded FTE with a 2% deficit applied to that revenue at the close of the fiscal year to this year 11,333 funded FTE with no deficit applied but a potential deficit. In the literature from the Chancellor’s Office regarding the P1, P2 calculations they made it clear that no deficit was applied but don’t bet on it remaining that way for the entire year. The deans have been given the number of FTES that they can generate and they should not over generate. Last year salaries and benefits ended at 87% of expenditures and we have to be accurate with those. Carol Horton wishes that we were hearing more from the Chancellor’s Office and the legislature. Budget Assumptions and Calendar were approved by the Board of Trustees last night. Carol Cone has distributed budget sheets to the cost center managers and they are due back by May 7th. We will then put together, as close as we can, a tentative budget and then we sit and wait again for revenue information for current and next year. Carol Cone asked if we have heard anything about health benefits cost increases. Carol Horton stated that our policy period ends in March and we will not hear for about another month. Our broker reported that our experiences ran pretty good again this year, but we will not have a 0 increase. Health care reform has caused us to alter our W2 forms to include value of medical benefits. Also children have to be kept on insurance to 26 years of age. That will not be too bad for us since we have them on our policy until 25 years of age. Carol Horton stated that she has reviewed the health care reform issues but needs to do more research and have a meeting with our broker to determine how we will be affected. Dennis Korn asked if this has opened the door for us to negotiate with other insurance companies. Carol Horton stated that this is a contract negotiation issue. Carol has heard through negotiations that no one is interested in changing what we offer. We have one of the best PPO plan contracts. This contract has a rebate clause in it which is currently unheard of. Every three or four years we get a rebate of about $300,000 - $400,000 that we put right back into our health benefit program that reduces our cost each year. If we renegotiate we will loose that rebate plan that we have had for the last 25 years. We were lucky last year to have no increase in Blue Shield but Carol Horton feels that we will get an increase in our costs this year. Jeanne Hamilton was concerned about the part in health care reform that states that we must provide health care for all employees and the cost of
that. Carol Horton was not sure about that issue and again stated that she must have a meeting with our broker to understand how this will affect us. Ed Trickey asked about PERS performance and any changes that may be coming. Carol Horton reported that the employer percentage fluctuates yearly. Right now it is at 9.7% but we have not heard what the change will be this year. The state is saying that the PERS system is grossly underfunded. A PERS employee cost is 24% and the state contributes to that also. If the state decreases what they contribute the employer pays more. It will take a long time for the PERS system to recover and eventually the 24% contribution will have to be increased. STRS has been unfunded for a long time because for a while STRS was very stable and they started putting incentives on top of the STRS system such as bonuses, deferred compensation plan and maxing out the base at 2.4%. The STRS system money was in federally backed securities and the returns were low. The contribution has been the same for STRS for at least 30 years at 16.25% so eventually that will have to be increased.

4.3 **Student Services Program Review Recommendations** – Jeanne Hamilton distributed the Student Services Program Review Recommendations from her division in priority order. Since the new Student Services Building is under construction and the Campus Center remodel is in the plan they do not have any facility needs. Carol Horton has taken the Instruction items and given them to Mike Harrington to respond regarding the Facility needs. He has determined what items are regular scheduled maintenance or included in an existing project.

4.4 **Other** – Carol Horton reported that budget sheets for all funds have been sent to the cost center managers and Vice Presidents. Rosalinda reported that the categorical programs were slashed because there are no backfill dollars projected from federal funds. Rosi pulled everything out and those cost centers need to be re-worked very carefully. The district is making additional contributions to fund ongoing salaries in some categorical funds. Jeanne Hamilton noted that some of her categorical programs are being very deliberate in looking for opportunities to relocate existing employees in programs whose funds have been cut. Rather than just move people we are going through a process particularly if it involves a change of classification. We are trying to move employees from categorical programs to positions open in the general fund. There have been some successful moves to date. Carol added that Jean Hamilton and her staff have been working since last October on these changes.

Jody Wise added that the deans are working on schedules for the whole year. Summer is done and they are working on the rest of the year. Program needs to be in place for us to determine budget.

Carol Horton reported that we are having a benefit fair in August that Eric Guzman is organizing along with Keenan & Associates.

Carol Horton will continue to put Health Care Reform on upcoming agendas for this committee.
Linda Welz reported that her department is looking at their 4 to 5 year spending by trying to stretch licenses out over multiple years and leave equipment buying to the very last, and to recycle and reuse as much as possible.

Carol Horton asked if we are working on installing student copiers. Rocky Reynolds and Ed Trickey are working on a proposal for this but it is not finalized. There will be more information to come. Carol Horton stated that we are trying to get printing done wisely rather than cutting things drastically like some other colleges are. Dennis Korn noted that we can even do things like changing font and font sizes to save paper. Carol Horton added that when you are low on money and you make changes and learn lessons that will help us.

Ed Trickey noted that the Foundation portfolio is doing much better.

Jody Wise asked if we are looking into rental options for textbooks. Eric Magallon responded that we are looking into it. He is working on a program with Follet where the students will order online and then return the book to the bookstore. Citrus gets a commission and Follet takes the responsibility. The books are limited and publishers do not want us to do it. There are several issues that will break us that need to be researched thoroughly prior to any implementation.

Jody Wise also asked about the Community Education fee based insurance questions regarding a rider for student insurance. Eric Guzman got a quote of about $4,400 but we need to follow up with Eric and to proceed with that policy. Jim Lancaster needs to take the premium out of the Community Education cost center.

The meeting was adjourned at 3:05pm.