Budget and Fiscal Planning Committee

March 28, 2012

√Members present:

√John Lau, VP for Business Services, Co-Chair
√Kathy Berry, Administrative Representative
√Jessica Waddell, College Council Representative
√Eric Jacobson, Faculty Representative
√Dave Drury, Faculty Representative
_ASG Representatives

Recorder: Mary Carter

√Kevin White, Academic Senate Rep., Co-Chair
√Jeff Cantwell, CMCA representative
√Frances Arce-Gomez, CSEA Representative
√Marilyn Boyle, CSEA Representative
√Carlos Fletes, Director of Fiscal Services

Call to Order

The regular meeting of the Budget and Fiscal Planning Committee was called to order by Dave Drury at 1:36 p.m. The meeting was held in the board room.

Approval of Minutes

M/S/C Fletes/Boyle to approve the minutes of the March 14, 2012 and March 21, 2012 meetings as presented.

Budget Update

VP Lau reported that the Business Office is in the process of compiling the budget from information submitted through Program Review. VP Berry reported that one area is still working on its Program Review.

Purchase Order Cut-Off

Director of Purchasing Betty Kakiuchi reported that items must be received by June 30 to be paid for 2011-12 funds. There is a problem every year with late orders. A purchase order cut-off date of April 30 is proposed which will still give departments ample time to place order for receipt by June 30. After April 30, purchase orders can be placed through the Purchasing Department but individual departments will not have access to the PO system. VP Lau stated that a purchase order cut-off is done every year. Last year the cut-off was April 15. The committee suggested setting an annual deadline and adding that date to the academic calendar. Director Kakiuchi stated that the deadline will also apply to categorical funds.

FCMAT Study

M/S/C Berry/Lau (No: Arce-Gomez, Jacobson) to approve the FCMAT (Fiscal Crisis and Management Assistance Team) Study Agreement with the recommendation that there be increased involvement at the board level.

VP Lau reported that the college has structural deficiencies and is facing a new community college environment that requires substantial changes by IVC in order to continue to meet the needs of its students. By contacting FCMAT, the College is being pro-active in seeking recommendations for the best strategies to ensure stability. The FCMAT team will talk to all college stakeholders. The team will be composed of personnel who are experts in their fields and have community college experience. The Chancellor's Office is funding $150,000 of the study, with $65,000 needed from the college. VP Lau stated that the FCMAT study is a wise investment in order to make the best plans for the future of the College. Jeff Cantwell stated that it is important for accreditation for the College to show it is taking a pro-active approach. Committee members expressed concern that recommendations might not be implemented. VP Lau stated that the College must make significant changes to avoid failure. There is no easy way to address a $4 million deficit. Committee members asked if the study could be scaled back to $150,000; John Lau stated that the Chancellor's Office will not fund the study 100%. The college must contribute.

Accreditation/Budget and Fiscal Planning Committee Resource Plan Report
M/S/C Jacobson/Boyle to approve the Resource Plan Report as revised.

Revenue Generation Ideas
Eric Jacobson distributed a list of revenue generation ideas for discussion at the next meeting.

Meeting adjourned at 3:15 p.m.

Next Meeting: April 25, 2012

BUDGET AND FISCAL PLANNING COMMITTEE RESOURCE PLAN REPORT

Committee members: John Lau, Kevin White, Kathy Berry, Jessica Waddell, Eric Jacobson, Dave Drury, Carlos Fletes, Albert Izarraraz, Jeff Cantwell, Frances Arce-Gomez and Marilyn Boyle.

Entering into the 2012-13 review-evaluation-planning cycle, the Budget and Fiscal Planning Committee is aware of the ongoing saga of the California fiscal crisis and the subsequent financial impact and the college's need for fiscal restraint in the 2012-13 budget. As the 2012-13 budget was developed, the fluidity of the State budget placed a cautionary tone on the Annual Program Reviews (APR) and Comprehensive Program Reviews (CPR) process.

The Budget and Fiscal Planning Committee reviewed the 2012-13 budget development guidelines and the 2012-13 prioritization criteria and concurred with the continued utilization of both as guides to prioritization.

BUDGET DEVELOPMENT GUIDELINES

1. **Contractual obligations and fixed costs are budgeted first**. These will be reviewed annually by the assigned committee
    a. Fixed costs include:
        i. Utilities, rent, and leases
        ii. General maintenance and environmental services supplies
        iii. Maintenance agreements such as copiers
        iv. Electronic/technological databases and software maintenance fees
        v. Athletic association fees – compliance issue for all sports
        vi. Memberships – specify mandated, recommended by regulating entity (optional memberships are not fixed)
        vii. Medical directorships – compliance issue for some health programs
        viii. Simulation maintenance/warranty fees
        ix. Taxes and other mandated fees
        x. Ordinary maintenance and grounds repairs
        xi. Security
    b. Contractual obligations include:
        i. All regular salaries and benefits
        ii. Contracted services such as cafeteria, architect, etc.

2. **Year-end balances** are <u>not</u> budgeted for ongoing expenses.
3. **One-time revenues** will be allocated to one-time expenses and ongoing expenses shall be funded from on-going revenues.
4. **New positions** must be fully funded: salary, benefits, and support expenses. Categorical positions may have case by case exception.
5. **Protect budget integrity and minimize departmental District budget transfers** by budgeting funds where they are expected to be spent. Internal budget transfers assist in maintaining alignment with strategic goals, but must be approved at the vice-president level.

6. **External borrowing may add costs.** When necessary TRANs (Tax Revenue Anticipation Notes can be sought as a short-term solution to cash flow issues.
7. **Categorical or restricted programs** are aligned with strategic goals and to the degree possible, support on-going District expenditures – make maximum use of "flexibility with categorical funds".
8. **Categorical funding** should be sought when possible and appropriate.
9. **Cash short-falls** are accommodated by developing and implementing a disciplined spending plan tied to cash-flow projections with centralized spending controls
10. **Cost saving suggestions** shall be developed and distributed annually when starting the budget process.
11. **California budget will dictate** assumptions for apportionment, growth goals, categorical changes, etc.
12. **California economic status will dictate** assumptions related to increasing costs for utilities, postage, supply and demand, tax revenues, etc.
13. **The Cost of Living Adjustment (COLA)** will be based on the Governor's proposed budget
14. **The lottery revenue will be calculated** at the rate projected annually by the California Community Colleges Chancellor's Office.
15. **Departments will not be penalized** for implementing controls and cost efficiencies in one fiscal year in the subsequent year.

#	BUDGET AND FISCAL PLANNING COMMITTEE PRIORITIZATION CRITERIA GUIDE	EMP Goal
1	Safety, health, and regulatory compliance	3.1
2	Critical to an approved program or service – may include capitalized equipment / technology. Support multiple programs or services	3.5
3	Confirmed cost or energy savings and/or increased efficiencies. High benefit::cost ratio. Would failure to do this now, cost more money later? Consider initial, operational, and maintenance costs.	3.4
4	Growth/expansion potential or new program, facility, or service. Quantify long-term and short term FTES potential.	3.3
5	Recommendations from the Program Review process for approved course, program, or service. Program maintenance	3.2 & 3.3
6	Grant funded (or other than district funded)	3.3
7	Desired for optimizing existing program or service, modernization of existing facility, or related capitalized equipment including technology	3.6 & 3.7
8	Correct errors and oversights. Details required	3.7

Budget and Fiscal Planning Committee Resource Plan Recommendations

After reviewing the tools, the Budget and Fiscal Planning Committee developed goals and recommendations for the 2012-13 year and linked them to the EMP goals when possible. In addition to the goal/recommendation, the committee added dates as appropriate. Finally the committee concurred that these recommendations should be re-evaluated in September 2012 to ensure inclusion of any changes required based on any amendments to the State budget and potential for trickledown consequences to the college.

#	Resource Plan Goal	EMP Goal	Due Date
1	Continue to prioritize non-contractual, non-fixed, expenditures based on the Budget Development guide and the Prioritization Criteria (see above)	3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7	On-going
2	Modify the CPR form to capture all the necessary information to more fully evaluate fiscal impact of requests in the future.	3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7	On-going
3	Provide training on the APR and CPR forms to ensure the specific detail required for effective fiscal planning.	3.7	On-going
4	A listing of additional priority considerations and scoring guide for fiscal requests was developed in a shared governance committee process. These guides should be re-evaluated, updated, and presented again to the shared governance committees annually.	3.2, 3.3	On-going
5	Review of all recommendations after the State budget is finalized and re-certify with the Budget and Fiscal Planning Committee prior to the submission of the Final budget to the Board of Trustees for approval.	3.2, 3.3	Prior to 9-14-12