



Budget and Fiscal Planning Committee

May 18, 2011

Members present:

√John Lau, VP for Business Services, Co-chair
√Dr. Victor Jaime, Administrative Representative
√Jessica Waddell, College Council Chair
√Eric Jacobson, Faculty Representative
√Dave Drury, Faculty Representative
√Carlos Fletes, Director of Fiscal Services
√Albert Izarraraz, ASG Representative

Recorder: Mary Carter

√Kevin White, Academic Senate President, Co-chair
_ Bill Gay, CMCA representative
√Frances Arce-Gomez, CSEA Representative
_ Marilyn Boyle, CSEA Representative

Non-Voting

√Kathy Berry, Vice President for Academic Services

Call to Order: The special meeting of the Budget and Fiscal Planning Committee was called to order at 3:40 p.m. by Kevin White, committee co-chair.

2011-2012 Budget: The committee continued its discussion of the proposed 2011-12 Tentative Budget. Director Fletes stated that he will have a list of budget adjustment to present at the next meeting. Director Fletes noted that departments did not take into account Lottery Funds when budgeting for instructional supplies (4300 accounts). About \$104,000 in expense can be moved to Lottery accounts. There is a possible reduction to the Security budget of approximately \$59,000 due to the shift from Desert Security to in-house security. There is an increase of \$76,000 in the 5800 accounts, mostly due to \$50,000 payment to the Desert Museum Society for assuming operation of the museum, and \$10,000 for the Board Docs program. VP Lau reported that while the MOU with the Desert Museum Society requires five years of payments, it is less costly than having the College operate the Museum. There is possible saving of \$200,000 to \$300,000 per year by not renewing the lease for the Calexico Extended Campus building, and partnering with SDSU for classrooms and office space. Classes will also be held at Calexico High School.

VP Lau stated that negotiations are still on-going. It may be necessary to use placeholders in the budget as was done last year. VP Lau noted the need for funding for deferred maintenance. Out of a \$37 million budget, only \$11,000 is designated for deferred maintenance. Money needs to be set aside for emergency items and for preventative maintenance. Another unaddressed need is funding of GASB 45. The College is currently paying for retiree benefits on the pay-as-we-go basis at \$1.3 million a year; however the liability is \$3 million a year, creating a liability that is increasing by \$2 million per year. GASB 45 does not have to be fully funded, but the College needs to start setting money aside to address the liability.

VP Lau stated that the committee needs to look at the requirements of Accreditation Standard III and recommend how to address the goals of financial stability and sustainability. VP Berry stated that the Accreditation team will pay special attention to fiscal stability. The College needs to have a plan in place. The committee needs to develop a Resource Allocation Plan. VP Berry further noted that the ACCCJC requires a 5% reserve. Director Fletes stated that the annual report was filed today with ACCCJC. He directed the committee's attention to item 6b which indicated a shortfall of \$2,261,615.

May Revise: VP Berry reported that the May revised does not really change anything for community colleges. VP Lau stated that the budget needs to remain conservative; cuts could still occur in December.

VP Lau stated that the college is obtaining a mid-year TRANS for \$8 million at 2% interest. The cost of approximately \$160,000 will be reflected in the budget. Another TRANS will be needed in July for about \$10 million. VP Lau stated that the College will have to balance its budget in order to continue to be able to obtain financing. VP Lau will also be exploring the possibilities of a line-of-credit with a bank in order to address cash flow. With the State continuing to defer apportionment payments, the college needs to have a plan in place.

Co-chair White noted that development of budget guidelines was a big accomplishment on the part of the committee. Going forward the committee needs to decide on how to implement strategies for a balanced budget.

Meeting adjourned at 4:45 p.m.