



## Budget and Fiscal Planning Committee

August 29, 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  
√Carlos Fletes, Director of Fiscal Services

Recorder: Mary Carter

√Kevin White, Academic Senate Rep., Co-Chair  
√Jeff Cantwell, CMCA representative  
√Frances Arce-Gomez, CSEA Representative  
√Matthew Thale, CSEA Representative  
√Ricardo Ibarra, ASG Representatives

Alternate(s): Mary Jo Wainwright, CTA; Travis Gregory, Administrative Rep.

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### Call to Order

The regular meeting of the Budget and Fiscal Planning Committee was called to order by co-chair Kevin White at 1:35 p.m. on Wednesday, August 29, 2012. The meeting was held in the board room.

### Approval of Minutes

***M/S/C Fletes/Thale (abstain Wainwright) to approve the minutes of the May 23 and June 6, 2012 meetings as presented.***

### 2012-13 Budget

VP Lau stated that the deficit as of the Tentative Budget adopted in June was \$1,710,000. There has been an increase to expense of \$41,500 and a decrease to savings of \$56,900 for an overall increase of \$98,400 to the deficit.

<b>Unrestricted General Fund</b>	<b>Estimated</b>	<b>Revised</b>	
<b>Increases to expense</b>	<b>Cost</b>	<b>Cost</b>	<b>Difference</b>
Night Differential	50,300	47,400	(2,900)
Computer replacement	184,000	184,000	0
English instructor	120,600	112,000	(8,600)
Summer School supplies	5,600	5,600	0
Student Health Insurance increase	36,700	36,700	0
Health Insurance increase	248,700	300,000	51,300
Retiree Insurance co-pay	60,000	49,000	(11,000)
Director of Nursing	111,300	86,000	(25,300)
Transfer Center Director	0	38,000	38,000
	817,200	858,700	41,500

<b>Increases to Reserve</b>	<b>Estimated Savings</b>	<b>Revised Savings</b>	<b>Difference</b>
Retirement savings	450,000	486,500	36,500
Carry-over	200,000	400,000	200,000
Dean re-structure	363,100	344,400	(18,700)
Extended Campus closure	138,900	126,400	(12,500)
Classified lay-offs	960,000	697,800	(262,200)
Reduction to Security	7,700	7,700	0
	<u>2,119,700</u>	<u>2,062,800</u>	<u>(56,900)</u>
<b>Net increase to Reserve</b>	<b>1,302,500</b>	<b>1,204,100</b>	<b>(98,400)</b>
<b>Additional amount needed for a 5% reserve</b>			
Per Tentative Budget	1,710,000		
	<u>98,400</u>		
	<u>1,808,400</u>		
<b>Additional items:</b>			
Certificated salary freeze	238,283		
Confidential salary freeze	35,120		
Classified manages salary freeze	41,359		
Administrators salary freeze	<u>40,321</u>		
	<u>355,083</u>		
Items from on-going labor negotiations			
Classified	257,900		
Part-time faculty	<u>200,000</u>		
	<u>457,900</u>		
Additional Revenues			
Redevelopment funds	167,917		
Restoration	456,500		
Mandated cost revenue	<u>171,000</u>		
	<u>795,417</u>		
Additional carry forward	<u>200,000</u>		
Sub-total items 1-3	<u><u>1,808,400</u></u>		

The carry-over was larger than estimated but the variance is less than 2% on a \$36 million budget. The College took some pro-active measure to increase the savings including the early cut-off of purchase orders and budget transfers.

Restoration of FTES is critical, the college has three years to restore its lost FTE, and has set a goal of restoring 100 FTE in 2012-13. The college will have to be more aggressive next year to restore additional FTE. If the FTE is not restored, the college will be permanently reduced to its actual FTE. In addition, if the tax measure does not pass, the College's base will be reduced by

7.3% or approximately \$2 million dollars. The budget is currently being based on the tax measure passing.

The State has changed how it is reimbursing districts for mandated costs. In the past districts submitted claims, but now the state will pay \$28 per FTE. The college will receive approximately \$171,000 if funding is available.

Almost \$200,000 in Redevelopment funds is being used on a one-time basis to shift some maintenance costs away from the general fund.

VP Lau cautioned that the budget is balanced based on all projections being actualized but that the projections are not guaranteed. The college has had to be very creative in balancing the budget, and this is not the normal way of doing business but rather a one-year fix. Next year, the college will again start out with a structural deficit.

The college will have to borrow \$10 to \$14 million in December for cash flow. If the college has a low reserve, lenders will not consider it credit worthy. The college needs to have an action plan in place to find \$2 million if the tax measure does not pass. There will be little time to react, and an across the board pay cut may be the only option. The committee will need to start discussing scenarios in case of failure of the tax measure.

VP Lau stated that the college needs to have an honest discussion of increasing efficiency, with all aspects of the college being discussed. There can be no sacred cows.

#### Next meeting

A short meeting is needed next week for the committee to make a recommendation on the 2012-13 budget. The budget must be approved by the Board of Trustees before September 15, 2012 meeting.

The committee agreed to hold a special meeting on Tuesday, September 4, 2012, 1:00 p.m.

Meeting adjourned at 2:50 p.m.