Financial and Budget Planning Advisory Council (FABPAC)
Wednesday, February 1, 2012
2:00 p.m., Board Room
Adopted Meeting Minutes

FABPAC Members

Present

Peter Bostic	Executive Director, Institutional Advancement
Richard Crapuchettes	Local 39
Sabrina Drake	CSEA
Chris Guptill	Classified Manager
Mary Ann Haley	Academic Senate
Les Hubbard	SCFA
Betsy Julian	Dean, School of Sciences
Jeff Lehfeldt	Local 39
Deborah Mann	Classified Manager
Louis McDermott	Academic Senate
Arturo Reyes	Executive Vice-President
Cynthia Simon	CSEA
Charlene Snow	SCFA President
Galen Tom	CSEA
Thomas Watkins	Academic Senate

Invited Guests Present

Peter Cammish	Director, Planning & Research
Sandra Dillion	Director, Human Resources
Laura Strand	Local 39

Present

Yulian I. Ligioso	Vice President, Finance and Administration

When quorum was met at 2:13 p.m., the meeting was called to order by VP Ligioso.

I. Approve agenda of February 1, 2012:

Motion (Jeff Lehfeldt) seconded (Betsey Julian) to approve the agenda. The motion passed unanimously.

II. January 18 2012, Minutes:

January 18 2012 minutes will be reviewed at the next meeting Feb 15 2012.

III. Strategic Proposals: Peter Cammish

Peter introduced the current IPP process to the group. A total of $100,000 has been set aside for the 2011/12 year. There are a total of 10 proposals to be reviewed as opposed to three last year. In view of this, Peter would like to hear from the group their ideas to amend the review process. Discussion concluded as group would like to see proposals in advance with comments from earlier other group reviews. Peter will create an electronic review process using Survey Monkey to compile comments and scores using rubric ahead of group review.

IV. Budget Update - 2010/2011 Audit:

Group reviewed summary of 2010/11 audit page 51 reconciliation, handout detailing how 2010/11 effects 2012/13 and summary of 2010/11, 2011/12 and 2012/13 together. For 2010/11, expenditures were projected at $2.5m with $5.7m in reserve. Auditors have suggested adjustments between what was reported to final audit including re-classification of $1.1m retiree contributions to a restricted fund which together with other adjustments reduced the fund balance to $4.3m (just over 8%). There were also adjustments to Financial Aid which is a pass-through. Due to the larger projected fund balance for 2010/11, there was an assumption that the fund balance could be used even with the deficit for 2011/12 almost $1.5m.

For 2012/13, SCCD will work with a budget based on the assumption that the tax measure does not pass and a $2.1m revenue loss which is offset by the $400 commission from Barnes and Noble; however, due to a drop in offerings and students this figure may go down. Expenses assumptions are health and welfare as well as utilities. Payroll is projected at a 2.5% increase of $600k.

It was noted three board members are up for re-election this year which will be at a cost of $130k/trustee. Increase in re-election costs are due to the requirement for bi-lingual documentation. In 2012/13, SCCD will be in a negative situation of $5.1m if the tax measure does not pass and $3m if it does.

V. People and Things:

Group reviewed the current listing and updated suggestions. VP Ligioso noted SCCD may have the opportunity to reduce utilities possibly funded via the bond. Looking to meter 18/25 buildings to assess how each building is affecting utilities. Outcome may potentially save $100k. SCCD is also looking to solar energy for additional savings with a 1 megawatt possible install for savings and rebates totaling $450k.

Action: Request to group to provide additional ideas for savings and revenue to be sent to VP Ligioso and Jan Nitschke for compilation.

VP Ligioso provided series of handouts (1-7) detailing spending and revenue by organization and then by major account code.

Handout 1 – Expenditures by organization. It was noted that it appears the actual percentages track very closely to the projected budgets; however, utilities for January 2012 are yet to be posted. In terms of Spring 2012, SCCD will be $500k higher than Fall 2011 for payroll due to higher than expected expenditures for instruction as many sections projected to be reduced were not.

Handout 2 – Revenues, again by organization. Again tracking close; however, the apportionment number will remain static due to the large deferral which will impact reserves and cash flow. Total to date collected is $24m of $45.6m. It was noted that non-resident tuition collection is higher than estimated.

Handout 3 – Expenditures by account codes. To date $26.7m has been spent of the estimated $46.7m for the year. Although it appears SCCD is tracking percentage wise, an additional month of utilities is yet to be posted in addition adjunct payroll is expected to be higher. In directs are charged to categorical accounts.

Action: VP Ligioso to bring financial accounts handouts on a quarterly basis.

Handouts 4 (Theater), 5 (Contract Education), 6 (Community Education) & 7 (ESPS Categorical) – detail revenue and expenditure for 2011/12. It was noted that while payroll is reflected correctly, staffing within budgets is not estimated correctly.

Group consensus on budget projections 2012/13 to spread the word to the rest of the community. Suggestion made to initiate hard freezes of discretionary accounts including supplies, travel (excluding some mandatory workshops) and other operating expenditures. Jeff Lehfeldt enquired as to efforts to get off the grid and possibility of using wind power. In order to do this it would require a large investment which SCCD is looking to with the prospective bond.

Action: VP Ligioso urged group to speak to their membership to rally support for the bond in order to reduce SCCD's utilities which would provide $250k in rebates per year plus savings of $200k per year. SCCD will need to consider install options.

Betsey Julian raised question of the 2.4% cut in funding. VP Ligioso explained enrollment fees shortfalls which have led to the Chancellors office using a deficit factor. Group viewed the Chancellors office apportionment report. Funding is based on the number of FTES and is primarily based on credit bearing FTES which for 2010/11 was approx. $4600 per credit FTES. For 2011/12 there is a $100m shortfall in enrollment fees due in large part to the increase in tuition waivers. More financial aid is being given; however, it is coming out from our revenues. SCCD itself does not have a high rate of financial aid, Pell grant eligible students and therefore does not qualify for Title 3. The sum of SCCD total revenue including state apportionment, enrollment fees and non-resident tuition fees is $47m. Factoring in a 2% deficit co-efficient this then results in approx. a $1m reduction. There has been a deficit co-efficient factor for the last three to four years with this year being the largest. Property taxes are expected to not be effected. The reduction will have an impact on the fund balance dropping SCCD to $1.8m.

Action: Discussion raised the question of reducing the number of days the college is open moving to a Mon-Thurs schedule and/or not having a summer school. It was noted both suggestions should be placed on the People and Things list to consider further.

Action: Peter Bostic raised suggestion of freezing renovation of building 600 and redirecting measure G funds. This suggestion is also to be placed on the People and Things list to consider further.

The question regarding the wind down of the RDA's was raised (Jeff Lehfeldt). The SBDC receives 40% of its operating income from the RDA which it will now loose. RDA funds will be redirected to the counties which will be attributed to property taxes therefore; funding from property taxes will increase whereas funding from apportionment will go down.

VI. 2012 Prospective Bond Steering Group

VP Ligioso followed up with the group and renewed the call to representatives to reach out to their members for representatives to serve on the 2012 Prospective Bond Steering group.

VII. Adjournment:

Motion to adjourn (Peter Bostic), seconded (Jeff Lehfeldt) to adjourn the meeting. The motion passed unanimously, and the meeting adjourned at 3:42 p.m.