

Meeting Minutes

April 21, 2011, 2:00 p.m., PDC 104

Members Present

Kellie Barnett, Yendis Battle, Martha Camacho-Kelly, Deb Daniels, James Dulgeroff, Gloria Harrison, Cheryl Marshall, Charlie Ng, Penny Ongoco, Mike Strong

Welcome & Introductions

Charlie opened the meeting; no introductions were necessary.

Approval of Minutes

The minutes of the March 17, 2011 meeting were approved by consensus.

March Board Items

There were no items being sent to the Board that impacted the Budget Committee.

Update on State Budget

There is currently no budget. The District will continue to plan for an all-cuts budget (Scenario 2).

Update on District Budget

Crafton has submitted their budget and Valley will be turning theirs in tomorrow. Penny hopes to have the budgets entered and sent back to the campuses by Friday, 5/6/11. There will likely be at least one more revision.

Revenue & Expenditure Summary

We are 74.8% through the fiscal year and we have spent and/or encumbered about 66.6% of our general fund. This indicates we are spending less than budgeted. Any money saved now will be carried forward to next year.

Recognition of 2010-11 Growth Money

Charlie reviewed the budget adjustment that shows the 2010-11 growth revenue that was previously held back to offset possible mid-year budget cuts. These funds will flow into the resource allocation model at a 70/30 split, and will be used as fallout for the campuses after the year end. Until then, they will sit in the Reserve account.

Review/Revision of Resource Allocation Model

Charlie recapped the suggestions made at the 3/17/11 meeting, including the following consideration of college size, centralization of utilities, standardization of maintenance, centralizing maintenance and operations, accounting for all of KVCR contract requirements appropriately, and removing KVCR from the allocation model entirely and funding it out of the Reserve. A subcommittee consisting of Jim, Mike and Charlie was developed to discuss some of these items.

Centralization of Utilities and M&O Costs: Although Charlie had committed to developing a model to illustrate the centralization of utilities and maintenance and operations, he was unable to do so in time for this meeting. He advised the committee he would develop such a model for the May meeting.

Size of College: Given the State's funding basis of FTES with additional base allocation, the larger a college is, the smaller its base per FTES becomes. The smaller a college is, the larger its base per FTES. The subcommittee came to the consensus that the District's model appropriately accounts for the colleges' size and no changes are necessary for this factor.

Centralizing Utilities and Maintenance Functions: Centralizing these functions would not change the model. Rather this would be an operational change which would result in an increase in the District's budget as well as the resulting assessment against the campuses. Additionally, the campuses would no longer have control over the function, costs, or savings.

KVCR: Accounting for KVCR's contract requirements does not fall to the resource allocation model; rather it is a management issue.

Removing KVCR from the Model & Funding it from the Reserve: The committee discussed whether or not it wanted to go on record as stating that KVCR should be removed from the model because it is not an FTES-generating entity or one that supports the FTES-generating entity. Charlie reminded committee members that the license of KVCR does belong to the District. Gloria responded that the Board has to decide how it wants to fund KVCR. If their point of view is that KVCR has to be funded along with everything else, then they don't agree with the committee philosophically that the students should not have to pay for it. ***She stated that no FTES generated should be used for anything other than students and their education.*** If there is a portion of KVCR's operation that is related to the education of students, then that's the portion that should be funded. Otherwise, KVCR should be self-supporting.

Three-Year Repayment Rule & Previous Debts: Gloria mentioned that the allocation model does not address previous debts with the District, including KVCR's. Charlie brought up the fact that the current model has a three-year repayment of debt rule. The committee discussed the fact that KVCR has a \$2+ million dollar loan, made previous to this model, which has been outstanding for over five years. Cheryl asked if it was an issue that past debts are not included in the model and questioned if the three-year rule was in writing anywhere as she felt it was not being applied. Charlie mentioned that this is the first year of the resource allocation model and that the three-year rule is not retroactive, therefore, no one entity had yet gone into debt. The committee felt, however, that previous debts should be reflected in the model and that the three-year rule be clearly indicated as a footnote. Charlie said that he would take steps to ensure the three-year rule be listed in the model.

Environmental Scans & Trends: Gloria asked if environmental scans and community data and/or trends impact the model. Charlie's thought was that this type of information could assist the campuses in planning, but the resource allocation model was to distribute resources from the State. Gloria expressed frustration that there was no forum to address the funding of the future needs of the community and asked if it was appropriate for the Budget committee to request that the Board provide seed money from the Reserve for the colleges to develop any type of new programs.

Parking Citation Money: The committee decided that parking citation money should remain a part of general fund.

Following the discussion, Deb moved and it was seconded that no changes be made to the resource allocation model for 2011-12. The motion was passed by a majority vote.

Gloria motioned that the committee make a formal recommendation to Chancellor's Cabinet that no FTES generated should be used for anything other than students and their education Deb seconded and the motion carried by a majority vote.

Committee Self Evaluation

A self-evaluation form will be forwarded to each committee member for completion and discussion at the final meeting of the year on 5/19/11.

Review of Budget Policies & Procedures

There was no update on this topic.

Budget Awareness & Training

Charlie plans on further developing budget awareness and training over the summer.

Adjournment

The meeting was adjourned. The final meeting of FY 2011 is scheduled for May 19, 2011 at 2:00 p.m. in PDC 104.

Post Meeting Discussion

Cheryl voiced her concern that we don't have a mechanism for looking at the community as a whole and deciding who we're going to serve and how we're going to serve them. Charlie replied that the DSPC was a more appropriate forum to resolving these issues. She felt there was no recourse for innovation or for responding to pressing community needs. Gloria said there should be a way to borrow FTES; there is no place for these discussions. Mike also thought that the District needs to be looked at as a whole, i.e. if there appears to be growth in the East Valley, should the allocation be changed to 69/31? Cheryl mentioned that there should be a venue for amicable discussion of the 70/30 split, where the colleges are going long term, and how the mix of programs and funding between the two colleges can be a win/win. She went on to say that, without that backdrop, if she doesn't have three years to try and figure out how to balance Crafton's budget, she has an issue, and the model doesn't allow that issue to be addressed.

Kelly Goodrich, Recorder