PLANNING AND BUDGET COMMITTEE
MINUTES
March 1, 2007

PRESENT: Jo Ann Higdon
Dr. Stephen Johnson
Renee Chomiak
Lee Krichmar
Jenine Nolan
Dr. Dan Smith
Dr. Nathan Durdella
Rich Cameron
Dr. Bryan Reece
Fred Henry
Lynn Serwin
Jeanine Prindle
Anita Rios
Arcely Donnel
Fred Henry
Suzie Payne
Lynn Serwin
Robert Riffle
Jeanine Prindle
Gus Roese (Laughon)
Lola Rizkallah
Ed White (Lopez)
Etta Walton (Thomas)

ABSENT: Dr. Noelia Vela
William Farmer
Dr. Solomon Namala
Stephanie Nguyen

1. CALL TO ORDER
Ms. Higdon called the meeting to order at 2:07 pm. She acknowledged that Lynn Serwin was taking Bob Livingston’s seat, and is now a Planning and Budget Committee member representing the Program Review Committee.

2. APPROVAL OF MINUTES - February 15, 2007
The minutes for February 15, 2007 were not available.

3. BUDGET PLANNING ASSUMPTIONS
Ms. Higdon requested of the committee their historical knowledge with regard to the College’s reserves. It has always been her understanding that, at Board direction, the College’s reserves were to be at a 5% minimum. She has heard recently that the direction from the Board and/or the College practice in previous times had been a minimum of 3% and that individuals were concerned about this change in direction. However, the files she had accessed verified the 5% minimum floor had been in place for several years. She solicited the committee (and the guests) on their knowledge and recollections of past reserve practice at the College. She also noted that she has not seen anything in Board Policy that ever established a 3% reserve. This began a short discussion with committee members sharing their recollections with regard to this topic.

In summary, no committee member or guest could recall any reserve limits established at a 3% level. Several members and guests validated that the 5% reserve floor had been the practice of the College and the direction of the Board for many,
many years (some recalling at least 23 years history.) One member did correctly recall the state-wide “take back” of reserves that occurred in the late 1970s as a result of Proposition 13. Ms. Higdon thanked the committee members for their efforts of recollection. The committee members expressed no concern with respect to the need for a prudent reserve at the 5% minimum floor level.

Ms. Higdon shared with the committee the following rules with regard to “reserves.”

- The first threshold is 5% - if a college goes below 5%, they go on “warning.” With a warning, the administration of the college begins considerable communications with the Chancellor’s Office. The Chancellor’s Office will expect/demand a written plan on how the College intends to restore to the 5% balance.
- The second threshold is (now informally) 3%. At 3% the Chancellor’s Office becomes even more serious in their oversight and might include visits to the College, serious detailed review of College plans to restore fiscal stability, and will begin to engage in discussions on matters best left to local control.
- The third threshold is somewhere below 3%, the exact percentage is not specific. At this time the Chancellor’s Office would take charge of the College, the Board becomes defunct, and a Chancellor’s Office representative and/or staff member(s) makes all fiscal decisions for the College. This person can void all contracts (and if severe fiscal conditions are evident, can void bargaining unit contracts.)

Ms. Higdon noted that it is important that the College act fiscally responsible. To give an example of how important it is to have at least 5% in reserves, Ms. Higdon requested that Ms. Rizkallah provide information on the cash-flow needs of the College – specifically, one month’s payroll, including benefits.

4. REVIEW OF MID-YEAR 2006-07 BUDGET

Ms. Rizkallah briefly explained to the committee a worksheet entitled “the Mid-Year Review of Adopted Budget 2006/07.” This worksheet was for the income and expenditures of the unrestricted General Fund.

Mr. Reece inquired about the fund for technology. Ms. Higdon explained Phase I and Phase II of the Technology Fund. Ms. Higdon explained that only Phase I (labs/[excluding electronic classroom computers]/computer switches at the various sites on campus) has been funded. Phase II (staff/faculty/administrative computers as well as single classroom/server equipment) has not yet been funded. Ms. Krichmar added that the recently purchased electronic classroom computers from the 2005/06 capital outlay process were not included in the Phase II computer replacement plan because they were new after the Phase II plan was developed.

Mr. Roese inquired if there were any capital outlay funds earmarked for replacement of other equipment (besides computers), on campus. Ms. Higdon replied that capital outlay covers a broad spectrum. For example, there is capital outlay in the GO Bond, instructional equipment and library materials, and other types of funding sources.
Mr. Cameron asked if there was a plan to create a technology replacement plan for non-computer technology on campus. Ms. Higdon replied that at this time, there is not currently a plan, but as time progresses it will be a goal.

5. STATE BUDGET UPDATE
Ms. Higdon provided to the committee two documents which provided the latest state budget information.

   - The first document was a briefing from the Community College League of California (CCLC). This information was a review of what the Legislative Analysts Office was reporting. She noted that the Legislative Analysts Office (LAO) typically has a negative attitude towards community colleges.
   - The second document was an e-mail from the new Vice Chancellor for Fiscal Policy at the Chancellor's Office. This e-mail goes through the same analysis as the CCLC document, but with a more realistic point of view.

As stated on the e-mail from the new Vice Chancellor for Fiscal Policy at the Chancellor's Office, and also as a reminder to the committee, it is still early in the budget process, and few, if any, important decisions are made prior to mid-May. Ms. Higdon noted that she does stay on top of the latest budget information, but if any committee member comes across information that she may not see, please share that with her and Ms. Rizkallah ASAP.

6. REVIEW OF DRAFT #2 OF THE GUIDE TO PLANNING & RESOURCE ALLOCATION
Prior to Dr. Durdella's review of Draft #2 of the Guide to Planning and Resource Allocation, Ms. Higdon asked the committee to review the 2006/07 Timeline for Capital Outlay. She reminded the committee that at the February 15, 2007 Planning and Budget meeting, an additional step was requested by this committee to review the five lists. After Dr. Durdella's update, the committee would come back to the timeline to make a decision on the date.

Dr. Durdella explained that based on feedback from the last Planning and Budget Committee meeting, revisions were made to the draft guide to Planning and Resource Allocation document. He then referred the committee to the pages that reflected the committee's requested modifications. With these suggested modifications, another link between program review and planning and budget was established. After review of the draft document the committee suggested the following additional modifications:

   - On Figure 1: the Strategic Planning and Resource Allocation Process at Cerritos College – it was requested that “themes or trends” be added to the small circle to the left (Program Review), so that it would be more clear that that is where the themes/trends emerge in the strategic planning and resource allocation process.
   - On the small circle to the right of the larger circle, it was requested that “Evaluation (Program Review)” be enhanced, so that the program review aspect of evaluation stood out easily.
It was requested that the Footnote on Page 5 be removed because in the capital outlay process, only the three (3) vice-presidents and the Director of Human Resources do the prioritization, not the entire Executive Council.

Dr. Reece indicated that Faculty Senate has recently distributed this latest draft version of the resource allocation plan to Faculty Senate. All senators have been asked to review this document. He noted that he prefaced the distribution of this document with a very strong endorsement, as he feels that this document accommodates most of the goals the Senate has been looking for. This document also has been distributed to the Program Review Committee. Dr. Reece inquired if the Planning and Budget Committee would like an official statement from Faculty Senate and Program Review? Ms. Higdon recommended that Program Review make an official statement to Faculty Senate, and then Faculty Senate could provide an official statement to Planning & Budget.

Ms. Higdon requested that Dr. Durdella make the suggested modifications and a modified draft would be presented to the Management Leadership Council on March 6, 2007. If the MLC has any additional modifications, Dr. Durdella will incorporate those modifications into the document, and then that document would then be provided via e-mail to the committee members.

With regard to the 2006/07 Timeline for Capital Outlay, the committee decided to hold their next Planning and Budget meeting on Tuesday, March 20, 2007 at 2:00 pm to review the five college area capital requests lists.

In closing, Ms. Higdon thanked Dr. Durdella for all his hard work in the preparing of this document. She noted that he and Mr. Farmer had expended significant time and effort on this project.

7. **ITEMS FROM THE FLOOR**

Mr. Henry inquired how much was in the College’s GO Bond Fund? Ms. Higdon asked that this request be on the next Planning and Budget agenda. Ms. Higdon then provided a brief update of the latest GO Bond projects.

Dr. Reece requested that once the Guide to Planning and Resource Allocation document is completed that it be forwarded to the Accreditation Committee. He also noted that this document incorporates the suggestions that Accreditation has been recommending for many years.

8. **NEXT MEETING - MARCH 20, 2007**

The next meeting will be March 20, 2007

9. **ADJOURNMENT**

The meeting adjourned at 3:38 pm.