1. **CALL TO ORDER**
   Dr. Vela called the meeting to order at 2:10 p.m.

2. **APPROVAL OF MINUTES** – April 12, 2007
   It was moved by Ms. Nolan that the minutes of April 12, 2007 be approved as presented. Mr. Henry seconded the motion. The motion passed. Dr. Vela thanked the Vice Presidents’ for working diligently on the prioritized capital outlay area lists and also for reviewing older fund balances so that the College could meet more of its capital outlay needs.

3. **STATE BUDGET UPDATE**
   Ms. Higdon prefaced the state budget update by noting that the state budget information is subject to change. She also indicated that all signs indicate that this budget year has the likely potential for drawn out budget battles.

   Ms. Higdon reviewed the budget handout entitled “May Revise/State Revenue Update as of 5/14/07.” This sheet provided to the committee both the good and bad news with regard to the latest State budget information.
Below are the highlights:

**Good**
- 4.53% COLA (subject to funding modifications)
- $50 million for Career Tech Education (equipment & facility projects)
- $50 million (Nursing Programs (equipment & one-time uses)

**Bad**
- Property Tax Shortfall - which can lead to system deficit
- Growth/restoration - which can lead to little or no end-of-year one-time funding as the system did not grow to the expected level.

**Ugly**
- $80 million base apportionment reduction - permanent reduction to College Base Funding
- $260 million - if this amount is funded for K-12, there is a potential budget reduction impact for community colleges.

**Comments:**

The $80 million base apportionment reduction, coincidentally, is the last allotment of the equalization funds. The exact amount for Cerritos College is not known at this time, but this is not good news for the College.

A top priority for the Board of Governors is Basic Skills, yet at this time, there is no allocation in the State budget for Basic Skills.

Ms. Higdon noted that the PeopleSoft program has been modified to indicate whether a student either has attended one class meeting, or has never attended. This information will become very important when the instructors drop students at census date. This modification will not affect the instructor’s ability to drop students, but becomes important if the student has attended a class at least one-time. The College may be able to count the students in other numbers (i.e. CalWorks). Dr. Reece requested that he be provided the information regarding the modification to the PeopleSoft program so that he may distribute this pertinent information to the faculty.

Dr. Vela added that there was a lot of discussion about growth and while it has materialized in some community college districts, it has not for many community colleges. The concern at Cerritos College is that we are not growing, we have been losing enrollment. The District has obligations with regards to the fixed costs and salary/benefit costs and these will be a challenge if we continue to lose enrollment which may lead to budget cuts.

Ms. Higdon noted that up until a few years ago the State had been operating under the assumption that if the State budget was not in place, apportionment dollars could still be released (usually apportionment dollars were based on the previous year.) However, there has been a recent ruling that indicates that if the State does not have a budget, apportionment cannot be released. If the State budget is not signed in a
timely manner, there could be potential cash flow issues that the College would need to attend to immediately.

Dr. Reece inquired if the District has been successful in restoring our base within the three-year time limit. Ms. Higdon responded no. This began a discussion regarding the College’s growth (or lack there-of). Mr. Farmer briefly summarized that in 2004/05 the College did have a small amount of growth, but we did not have as much growth as we could have qualified for. Last year (2005/06), the College did not have growth and in fact there was a decline in enrollment such that we did not make our base. Best case scenario, this year (2006/07), the College is looking at being the same as last year which was lower than 2004/05, which was the last year the College exceeded its base. We have to make up enrollment loss to avoid permanent reductions to our base funding.

Dr. Reece suggested that to assist the College in achieving its growth, each faculty member could take an extra 1 to 3 students. Mr. Farmer added that although that is a good idea, the College wants to keep the student not only for the one class, but for the whole degree/certificate program. The College wants students to be successful in classes and provide them with supportive resources so that they can be successful in all their classes. It is a matter of focusing on retention. Dr. Vela suggested that Dr. Reece meet with Dr. Johnson and Mr. Farmer with regard to enrollment management strategies, so that some of these strategies can be used for the upcoming summer and fall semesters.

Dr. Vela closed the discussion by noting that the College needs to pay attention to efficiencies, and enter into a correction mode so that we can make up what we lost. The College cannot continue to have the loss grow without having an impact to the budget.

4. PRELIMINARY BUDGET ASSUMPTIONS
Ms. Higdon provided to the committee a handout entitled “Preliminary Budget Assumption for the 2007-08 Proposed Budget.” She briefly reviewed the sheet highlighting each 2007-08 proposed budget assumptions. (See attached for the sheet that was presented to the committee.)

Ms. Higdon noted that there is nothing in the budget with regard to the comp and class studies or anything of that nature.

5. ITEMS FROM THE FLOOR
There were no items presented.

6. NEXT MEETING – MAY 24, 2007
The next meeting is scheduled for May 24, 2007. The primary focus of this meeting will be the unrestricted general fund.

7. ADJOURNMENT
The meeting was adjourned at 3:18 p.m.