PLANNING AND BUDGET COMMITTEE
MINUTES
May 24, 2007

PRESENT: Dr. Noelia Vela
Jo Ann Higdon
William Farmer
Dr. Stephen Johnson
Renee DeLong Chomiak
Lee Krichmar
ML Bettino (Nolan)
Dr. Dan Smith
Dr. Nathan Durdella
Rich Cameron
Dr. Bryan Reece
Fred Henry
Jeanine Prindle
Lynn Laughon
Irlanda Lopez
Schellary Thomas

ABSENT: Wes Nance
Lynn Serwin
Solomon Namala
Anita Rios
ASCC Student

GUEST(S): Arcely Donnel
Fran de France
Connie Mayfield
John McGinnis
Suzie Payne
Dr. Randy Peebles
Robert Riffle
Lola Rizkallah

1. CALL TO ORDER
Dr. Vela called the meeting to order at 2:07 p.m.

2. APPROVAL OF MINUTES – May 17, 2007 (Not Available)
The meeting minutes of May 17, 2007 were not available for approval.

3. 2007-08 PROPOSED TENTATIVE BUDGET FOR UNRESTRICTED GENERAL FUND ONLY (01.0)
Ms. Higdon reviewed with the committee the continuation of the “Preliminary Budget Assumption – 2007-08 Proposed Budget.” The budget information has been updated from May 17, 2007. (See attached for the sheet that was presented to the committee.)

What changed?
PERS Employer Contribution - $38,293 (increase of 0.19%)
Utilities - $100,000 (early estimate)

Unknown still as of 05/24/07:
STRS Employer Contribution
IT Maintenance Agreement (approximately $260,000)

The next handout reviewed by Ms. Higdon was the “2007/08 Proposed Tentative Budget for General Fund – Unrestricted Summary Fund 01.0.”
Ms. Higdon directed the committee's focus to the last column “2007-08 Proposed Tentative Budget.” She indicated that if the District does not receive any more budget information from the State in terms of potential expenditure increases, etc., that the budget information shown would likely be the proposed tentative budget presented to the Board in June 20, 2007.

Ms. Higdon also cautioned the committee that the budget is still a work in progress and that the numbers would change between the tentative budget and the actual budget. As a reminder, the actual budget is the budget that is presented to the Board for approval in September, 2007.

Ms. Higdon led the committee through the three portions of the document. Below is a recap:

**Income:**
At the last Planning and Budget meeting (05/17/07) the committee was informed that an $80 million dollar deficit was possible. How this translates to dollars for Cerritos College could be approximately between $1 million and $1.2 million. At this time, the College has not applied this amount to any fund. As a reminder, the College is currently flat with regard to FTES, and could actually have lost enrollment during 2006/07.

Ms Higdon noted that another way to apply the $1 million to $1.2 million dollar deficit is to partially fund the COLA at the local level.

**Expenditures:**
All step and column increases have been included the numbers shown.

It was noted that the Compensation and Classification (Comp & Class) study is currently underway. A dollar figure has not been reflected in the expenditures, because 1) the study is not completed yet and 2) it is a negotiable item. For the benefit of new committee members, Dr. Vela provided a brief description of what a Comp and Class study entails.

The Adjunct Faculty Reserve is a pool of money received from the state that is distributed to the adjunct faculty at year-end. It was noted that 100% of the funds Cerritos receives is given to adjunct faculty.

**Reserves:**
State Mandated Reserve @ 5%.

It was requested that the line item “Technology Needs” be modified to reflect that this item is Phase I.

**GASB 45:** All of the College’s materials have been sent to the Actuary to complete the actuarial study.
Economic Uncertainties: It was noted that based on the preliminary FTES information available, the College is down 50-80 FTES. If this remains the case, the dollar amount in the economic uncertainties line item could be used to cover the shortfall. However, this may deplete this account which could be a concern if we face other economic uncertainties.

Undesignated Reserve: $504.00

Ending balance as a % of expenditure: 5.44%.

Ms. Higdon again reminded the committee that the State budget is not signed yet. This budget year could be a long drawn-out budget process.

Ms. Higdon noted that the budget numbers she reviewed with the committee is staffs' recommendation on what the College presents to the Board for the tentative budget. If there is additional budget information that comes forward, a Planning and Budget meeting would need to be scheduled.

Comments:

Mr. Cameron inquired that with regard to the budget assumptions line item, that no assumptions have been made for an increase in salaries that might be negotiated for either classified or certificated employees? Ms. Higdon replied that this is correct. Ms. Higdon directed Mr. Cameron to the COLA line item and indicated that whenever salaries are negotiated, COLA could be one of the sources of funds used. Other items that could pull on the COLA fund could also be any health benefits increase, IT maintenance contract, etc. At this time, only $504.00 is available for undesignated reserve; any amount over this would have to be pulled from somewhere, with either cuts in other line items or the anticipated COLA allocation.

Mr. Cameron asked that if all classified and certificated employees received a 1% increase, what would the cost? Ms. Higdon replied approximately $680,000.

Mr. Cameron also noted that the College will be in a “real world of hurt” if we keep putting off the funding for Phase II. (It was noted that Phase II has been funded for the 2007/08 year only). He added that an additional phase needs to be added that covers software.

Dr. Vela appreciated Mr. Cameron’s comments with regards to the College computer/software needs. She added that the entire technology line item did not exist prior to 3 years ago. The intent is to try and build the fund so that the College stays current with our technology needs. The current computer replacement plan is a very diligent, creative plan that tries to maximize the life of the technical resources as much possible while still staying current.

Dr. Vela reminded the committee that anytime the College has salary increases, it is on-going and cumulative. The reality is, there is a decline in enrollment, and this is
cause for concern for the College. Before the College can be eligible for growth funds, we need to make up the previous 450 FTES that we were down. Currently, (2006/07) the College is down between 50-80 FTES. We, as a College, need to keep in mind that as we look at any additional obligations, whatever they may be, they are continuing, cumulative obligations.

Mr. Cameron inquired, with the information currently known, how many students do we need to get 1 FTE? Mr. Farmer replied that it depends on how many classes the students take. Approximately, 1 FTE is equal to one student taking 15 contact hours for 2 semesters.

Mr. Henry commended Dr. Vela for her anticipation with regard to declining enrollment and thanked her for her expertise, commitment and community involvement. Dr. Vela thanked Mr. Henry for his comment and noted that at least one, if not more, elementary schools within each of the K-12 districts within the Cerritos Community College District have closed. This has also happened within the Long Beach Unified School District. She added that the College needs to do a combination of strategies in order to increase our FTES. Examples include: 1) increasing retention, and 2) marketing to adult learners. She noted that the College needs to continue to think creatively and critically, plan wisely and whenever there are opportunities for the College to make shifts with a longer view in mind that would be the wiser thing to do.

Dr. Vela added that a community college initiative made the ballot for February, 2008. One of the items on this initiative would be to lower the enrollment fee from $20.00 to $15.00. This could lead to increased enrollment. Preliminary “rumblings” are that the governor and others are not pleased about the initiative. The governor has said that he has been surprised, and does not like the fact that the community colleges are pushing this initiative in light of the fact that he has been very friendly to community colleges. Dr. Vela will keep the committee informed as to how this initiative unfolds.

A question was brought forward with regard to how the growth rate is calculated. Ms. Higdon briefly responded by saying the growth rate is different for each community college because it is calculated on the high school graduation rate plus other factors within each region.

Dr. Vela closed the discussion by stating that there are many individuals working diligently to market the College. It is hoped that by adding and implementing the new strategies suggested by the Enrollment Management Committee that Cerritos College can add additional FTES. She noted that it is just not about being around, but being around in a state of excellence that Cerritos College has worked many years to achieve, and to provide for students.

4. **ITEMS FROM THE FLOOR**
There were no items presented.
5. **NEXT MEETING**
   The next meeting is anticipated to be in the next few weeks. If one is not needed then that will be communicated to the committee. The preference for a meeting start time would be 2:00 pm but no later than 3:00 pm.

6. **ADJOURNMENT**
   The meeting was adjourned at 3:05 p.m.