PLANNING AND BUDGET COMMITTEE
MINUTES
October 5, 2006

PRESENT: Dr. Noelia Vela
William Farmer
Jo Ann Higdon
Dr. Stephen Johnson
Terrie Lopez (Chomiak)
Patrick O'Donnell (Krichmar)
Jenine Nolan
Norm Fujimoto
Dr. Nathan Durdella
Rich Cameron
Dr. Bryan Reece

ABSENT: Jeanine Prindle
Joylynn Senf

GUEST(S): Arcely Donnell
Connie Mayfield
John McGinnis
Suzie Payne
Robert Riffle
Lola Rizkallah
Linda Rose
Dan Smith

1. CALL TO ORDER
Dr. Vela called the meeting to order at 2:04 pm. Dr. Vela acknowledged and congratulated Dr. Nathan Durdella as the College’s new Director of Research and Planning and welcomed him to the Planning and Budget committee.

2. APPROVAL OF MINUTES – August 31, 2006
It was moved by Mr. Fujimoto that the minutes of August 31, 2006 be approved as presented. Ms. Thomas seconded the motion. Ms. Nolan and Dr. Vela abstained. The motion passed.

3. SB361 UPDATE; SB 1131 UPDATE
Ms. Higdon provided the following Senate Bills update.
SB361: Equalization Bill
This bill establishes a new community college funding mechanism and a new funding model for allocating equalization funds to local districts. This bill was passed by the Senate in September, 2006. The challenge is the legislation does not contain a lot of details in terms of the implementation process. The first draft of the proposed funding will not be available to review until October, 2006 at the earliest. As Ms. Higdon receives more information, she will share it with the committee.
SB 1131:
This Senate Bill provides a small amount of money ($5,000,000 system-wide) to cover specialized areas. For Cerritos College, this would be for Professional Development Funds (previously Staff Development Funds.) It was noted that there will be significant restrictions on those funds. At this time there is no projection of the amount of funds the College will receive. Ms. Higdon will keep the committee informed as she receives the information.

Mr. Swanson inquired if the College would be equalizing up or averaging with the other community college districts. Dr. Vela explained that the equalization funding allows the District to go to the 90th percentile of equalization. The schools that are currently being funded higher will retain that funding. The schools that have been substantially below will move up. The College will be moving up at the same dollar amount. She reminded the committee that complications have arisen as a result of Los Angeles CCD and San Francisco CCD now being a part of the equalization funding process. By the addition of these two districts, it reduces the resources available for everyone. As a result of new CCDs coming in and some colleges receiving more funds than others, a few other CEOs have voiced frustration. The CEO Executive Committee group has been asked to re-visit the details of the equalization allocations. Dr. Vela indicated that she is not sure of the outcome, but is pleased that it is being reviewed again. She is hopeful that a fair overview of the entire equalization process will be completed.

4. STRS BOARD PROPOSAL
Ms. Higdon reported that the STRS Board is looking towards proposing legislation in 2009/10 that would begin increasing the STRS rate that the employer and employee would pay. Ms. Higdon indicated that she is taking this proposal very seriously. She provided an example of how a ½% could monetarily affect the College and how this amount “rolls” (is cumulative) year-to-year. It was noted that the District has no choice with regard to the STRS contribution, there is no opting in or out. At this time, it is unsure as to whether PERS would be looking at the same type of proposal.

5. GASB 45
Ms. Higdon explained that GASB 45 stands for the Governmental Accounting Standards Board. She noted that auditors look closely to see if the District is following GASB regulations. It was further explained that GASB 45 is about post-retirement benefits. For Cerritos College this refers to the lifetime retiree healthcare benefits provided by the District. What GASB says is that you have to start recognizing on the balance sheet the District’s full liability, the District cannot continue to “pay as you go.”

Ms. Higdon then provided the committee a copy of a GASB 45 informational power-point presentation that was presented to the Board in January, 2006. This handout highlighted the following GASB information:
- Historical Overview
- GASB 43 and 45 Requirements
- GASB 45 Implementation Schedule – Needs be in place by July 2008
• GASB 45 Funding Options
• GASB 45 - Consequences of Not Funding Obligations
• GASB 45 - Operational Model
• GASB 45 - Plan Committee
  o “Go It Alone” Approach
  o CCLC JPA (Community College League of California)
  o Futuris (Group put together by SWACC (Statewide Association of Community Colleges.) This group was designed so that the time commitment on the College's part would not be nearly as substantial.
• GASB 45 - Next Step
  o Actuarial Study

Dr. Vela noted that the GASB 45 information was brought to this committee as these are on-going fiscal obligations. As a reminder, the on-going fiscal obligations that the College has are health benefits and positive salary adjustments. In addition, the Board has made a commitment via a memorandum of understanding for a comp and class study for the classified and management staff. Depending on the results of these studies and any implementation, that would be an additional on-going commitment of expenditures. Additionally, this committee received information last year with regards to the cost of being able to fund, support and implement the Phase II Technology Replacement Plan (employee and college infrastructure computers.) At this time, this Phase II Technology Replacement Plan has not gone to the Board for approval as the cost is substantial and funds are not yet available. Dr. Vela emphasized that as a planning committee, and college community, it is important that we understand the fiscal obligations that are facing us. As the College begins and proceeds through the year looking at additional needs, wants and opportunities for investments, we always have to do it with all these other obligations in mind as well. It is important to keep the campus informed about the big picture and incorporate as much information as we have available.

6. **ITEMS FROM THE FLOOR**
   No items were presented.

7. **MEETING SCHEDULE**
   Ms. Higdon reminded the committee that the Planning and Budget Committee meets the 1st and 3rd Thursdays of the month. She noted that during part of the year, this committee only meets once a month because there is no new information to share with the committee. She proposed that the Planning and Budget Committee meet once a month, the first Thursday of the month. If more meetings are needed, then the committee will meet twice a month as normally scheduled. Dr. Vela added that what occurs with this committee and other committees, is that they have to do their respective work regarding planning and identifying needs. The Planning and Budget Committee can't complete their task until other committees complete their respective tasks.
Ms. Nolan voiced a concern that once a meeting time/day is made available, it is very difficult to get it back. After a brief discussion, the committee agreed that 1) through December, 2006, the committee will only meet the 1st Thursday of the month; 2) as the year progresses, the committee will be notified if the second meeting of the month will be necessary.

8. **ADJOURNMENT**
The meeting was adjourned at 3:11 pm.