CERRITOS COLLEGE
COLLEGE COMMITTEE ON PLANNING AND BUDGET
MEETING MINUTES
SEPTEMBER 15, 2011

Present:  David El Fattal  Bob Chester
Dr. Marilyn Brock  Dr. Solomon Namala
Dr. Stephen Johnson  Jeanine Prindle
Dr. Renée DeLong Chomiak  Dr. Francie Quaaas-Berryman
Dr. Lucinda Aborn  Linda Kaufman
Dr. Dan Smith  Lynn Laughon
Deb Moore  Schellary Thomas
Kay Nguyen  Omar Anderson

Absent:  Dr. Jan Connal  David Ward
Lee Krichmar

1. **CALL TO ORDER**
Mr. El Fattal called the meeting to order at 2:03 p.m.

2. **APPROVAL OF MINUTES** – June 2, 2011
It was moved by Dr. DeLong Chomiak to approve the minutes of June 2, 2011; Dr. Quaaas-Berryman seconded the motion. Dr. Brock, Bob Chester, Dr. Johnson and Jeanine Prindle abstained. The minutes were approved as presented.

3. **BUDGET UPDATE**
Mr. El Fattal reviewed the handout “Proposed Adopted Budget 2011-2012.” It was noted that this handout was presented and approved by the Board at their September 7, 2011 meeting. The highlights were:
- Statewide 6.2% workload reduction ($313 million).
- Workload reduction for Cerritos is 1,059.73 FTES; which equates to $4,816,499.
- Cash deferrals from the State approximately $19,124,055; this equates to 23.25% of our budget. It is not known when the deferral will be received.
  - 1.4% doesn’t get applied to deferral.
- Mid-year triggers. If the state revenues fall below projections on December 15 the following two triggers could happen:
  - Tier 1 trigger – Statewide potential reduction $30 million/Cerritos’ reduction $461,645 and 101.57 FTES.
  - Tier 2 trigger – Statewide potential reduction of $72 million/Cerritos’ reduction $1,569,593 and 345.0 FTES.
- Student Fee Shortfall – this shortfall has nothing to do with the student fee increase now slated to be in summer 2012 ($36 to $46.) This was built into the budget as a deficit coefficient.
Expenditure Assumptions

- SERP Savings – $2.3 million saved the first year; $1.5 million net savings after five years.
- Comp and Class Partial Implementation
- Health and Welfare increase
- PERS Increase
- Step and Column Increase
- Interest Expense
- Staff Development
- 10% cuts in Adult Hourly, Supplies, Services and Operations and Capital Outlay
- Workload Reduction
- Budget Adjustments in Payroll Taxes

Closed books with a negative cash balance in the General Fund-Unrestricted.

- In 2011, the College expects cash shortfalls throughout the fiscal year.
- Since July, 2011, the College has borrowed $6 million through Inter-Fund borrowing which cost $5,000.00 in interest. If the College did not have the reserves, we would have had to go out to the open market and the fees would have cost approximately $200,000.

Mr. El Fattal noted that he had been asked if the College’s GASB liability would increase since many staff retired with the SERP. After a discussion with the actuary, it was explained that staff who retired were already built into the 30 year projected retirements; they just retired a little earlier than anticipated. Any increase in GASB liability would be minimal and would be calculated in the next GASB actuarial study which is slated for next year.

Mr. El Fattal noted that he will prepare a chart of revenues/expenditures over the last five years to see the College’s trend-line.

Mr. El Fattal reviewed the SERP savings which equates to 6.9 million total; $1.5 million net over the five years ($5.4M+$1.5M = $6.9M). The amount that the College has to pay annually over the next five years is approximately $1.1 million dollars ($5.4M/5 years). He noted that the $5.4 million dollars has been transferred to the GASB account so that each year’s retirement benefits payment can be made from that account. This was done to avoid paying out of the general fund every year. This began a lengthy discussion about the College’s decision to set aside the full amount rather than pay the required amount each year. Mr. Chester inquired if there was any upside to paying the required amount each year? Mr. El Fattal noted setting aside the funds are a prudent way for the District to manage the funds and liability. Dr. Namala voiced his concerns regarding the transfer for the following reasons: 1) thought it should have been discussed in Planning and Budget before it went to the Board; 2) summer session was cut while the college saved $5.4M; 3) there is a loss of transparency if the College keeps moving funds. Mr. El Fattal replied that at the June 2, 2011 Planning and Budget meeting, it was noted that the auditor’s recommended that the SERP funds be made from a designated account. Dr. Namala replied that the amount was never stated. Mr. El Fattal resumed by asking does the College purposely want to spend reserves to serve students, more than the money we are receiving each year. The College is trying to right size the budget and we are moving in that direction; however, it
is a time consuming process which does not happen overnight. Dr. Namala replied that we’re not asking to dip into the reserves, but to spend the funds we received last year. Dr. Brock added that the State of California is still facing uncertain times. For a college to have a liability of $5.4 million dollars and not prudently put that in a reserve would not be in the College’s best interest. Mr. Chester inquired if the auditor’s recommended that the retirement savings be placed in a designated account, does the District always follow the recommendations. Mr. El Fattal replied that the auditor’s recommendations are usually followed. Further discussion ensued with the following comments: 1) maybe the total reserves should be located in one place; 2) why couldn’t capital outlay funds be used to fund the SERP instead of general funds; 3) another use of the transferred money could have also been to backfill categorical programs; 4) if more students are added to classes, this causes the need for additional services/personnel to Student Services, and funds could also be used for that purpose; 5) the College can be prudent and also have a balance.

- Ms. Rizkallah explained the line item in the reserves for the vacant faculty positions to be filled in 2012-13. Dr. Aborn asked if the $1.4 million was for faculty in general fund or categorical or both? Ms. Rizkallah replied the general fund.
- Mr. El Fattal reminded everyone that the Board of Trustees committed the Vintage fund for student success related issues. He will be bringing forward to the next Board meeting the use of Vintage monies for the LRC remodel. The LRC remodel project is a $4 million dollar project ($3 million GO Bond + $500,000 capital outlay funds + $500,000 Vintage funds.)

4. **NEW PLANNING CALENDAR**
Ms. Nguyen presented the 2012-13 Annual Planning and Resource Allocation Calendar. It is similar to last year’s calendar although the dates have been changed to correspond with the current academic year. She reminded everyone that Unit Plans are due on October 28; and Division plans are due December 9. Ms. Moore made a motion to approve the 2012-13 Annual Planning and Resource Allocation calendar; Mr. Namala seconded. The motion was approved unanimously.

5. **PRESENTATION OF CHANGES IN PLANNING PLUS**
Ms. Nguyen opened the presentation by thanking the deans, department chairs and everyone involved as there was a vast improvement in the plans over the past year. She briefly highlighted the crosswalk of the revisions of the unit planning process. Dr. Frank Mixson also thanked the individuals involved behind the scenes. He then provided a presentation of the changes in the Planning Plus system. After a brief question and answer period, Dr. Smith made a motion to approved the changes in the Planning Plus system; Dr. Quaas-Berryman seconded the motion. The motion passed unanimously.

6. **SUMMARY OF RESOURCE REQUESTS FROM 2011-2012 PLANNING YEAR**
Ms. Nguyen noted that in reviewing resource allocation requests, she thought many of the items could have been placed in a separate category or a different process could be developed for smaller items on the capital outlay list. Dr. Smith stated that five years ago divisions got their equipment budgets cut by 75%, consequently there are
items on the list that should not be there. Mr. El Fattal noted that he will take the
input received under advisement and bring the subject back to a future meeting.

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

8. **NEXT MEETING - OCTOBER 6, 2011**
   The next meeting is scheduled for October 6, 2011.

9. **ADJOURNMENT**
   The meeting was adjourned at 3:45 p.m.