

**College Budget Committee Meeting
February 28, 2008**

MEETING MINUTES

Members: Co-Chairs Eloisa Briones and Carla Campillo, Lori Adrian, Anyta Archer, Jeff Diamond, Rick Escalambre, Mike Fitzgerald, Cathy Hasson, Rick Hough, Fermin Irigoyen, Barbara Lamson, Margery Meadows, Vicki Morrow, Dino Nomicos, Felix Perez, Briant Phan, Ekaterina Semonchuk, Regina Stanback-Stroud, Rick Wallace, Jeff Westfall, Linda Whitten, George Wright and Soodi Zamani. Recorder: Linda Ghio

Absent: Carla Campillo, Lori Adrian, Cathy Hasson, Vicki Morrow, Dino Nomicos, Briant Phan, and George Wright.

Review of January minutes

The January 31 minutes were approved as written.

District Committee on Budget and Finance (DCBF) Report

Linda Whitten reported the following discussion items at the DCBF meeting held on February 19:

- The community college system share of the Governor's proposed 2007-08 mid-year budget reduction is \$40 million. The State Chancellor's Office worked with the legislature and was able to identify \$31 million of unspent/unallocated funds that can be used toward this reduction. The K-12 system came up with \$9 million to make up the difference so this year's proposed reduction was accomplished painlessly.
- Legislative Analyst Elizabeth Hill will be issuing her report shortly. The LAO's projected budget deficit is \$16 billion, compared to the Governor's estimated \$14.5 billion. Kathy Blackwood suggested that we prepare for mid-year cuts next year, should the budget picture be worse than we expect.
- The Governor declared a hiring freeze at the state level. So did most counties, including San Mateo. Considering that SMCCCD is a local independent educational agency, what we have is a "hiring frost". The district plans to maintain the same number of faculty and replace retirements to meet its full-time obligation and avoid incurring penalties.
- The Governor proposed to reduce categorical and special programs funding between 4 percent to 11 percent. Kathy indicated that some of this year's one-time surplus may be used to mitigate mid-year cuts and budget reductions for categorical and special programs (estimated at \$1 million district-wide).
- Skyline projects a budget shortfall next year. So does CSM. The district will provide assistance to assist the colleges with balancing their 2008-09 budget provided they show efforts to address their budget issues.
- Vice Chancellor Jose Nunez submitted a request to increase the Facilities site allocation by \$454,961. This will be used to cover the cost of maintaining and supporting the new systems that were installed in district-wide facilities as part of

the modernization and upgrade of building infrastructure and technology. Most of the maintenance contracts were paid out of bond funds. Now the contracts have expired and have to be renewed. The Committee requested that a justification for the amount be brought back to DCBF, in addition to answers to some concerns that were raised.

- Kathy Blackwood did a comparative analysis of various investment options for the retirement reserve. Unlike other plans, CalPERS does not restrict withdrawals from the fund as long as these are used to pay for retirement benefit costs. Kathy will propose to the board that a portion of the retirement reserve be invested in CalPERS to generate higher returns with the intent that these earnings will eventually cover pay as you go expenditures.
- Per CBC's recommendation, Kathy Blackwood met with Skyline categorical program and grant coordinators to explain the proposal to charge restricted funds for their share of the cost of post-retirement benefits, and also to get feedback. Since the January DCBF meeting, Kathy found out that the Fiscal Standards Committee assigned to develop the rules for GASB 45 will be providing ACBO an update in mid-March. In addition, there appears to be a federal requirement to charge the post-retirement benefit costs not only to all funds but to all employee groups, including hourly workers. Due to the uncertainty on the rules, Kathy will postpone implementation of this proposal to 2009-10 instead of 2007-08 as originally planned.

Mid-Year Budget Report

Eloisa distributed copies of the Mid-Year Budget Report that was submitted to the board at its February 27 meeting. She pointed out significant information in the report.

Highlights of the Governor's recommendations for 2008-09 are summarized on Page 1. There are going to be categorical program cuts across the board. While the report indicates that there will be no fee increases for community colleges, there are rumors that this is likely in light of fee increases proposed for the UCs and CSUs. SMCCCD is hoping that if this comes about that enrollment will not be negatively affected.

For 2007-08, the district projected 1.7% growth in FTES. Enrollment reports show that all 3 colleges are growing beyond growth projections as reported in the P1. On the last day to add/drop classes Skyline showed a 10.4 percent FTES increase compared to spring 2007. According to statistics provided by Kathy Blackwood, FTES as of census was up 8.5 percent district wide; CSM was up 5.9 percent, Cañada was up 6.5 percent, and Skyline was up 13 percent. Regina added that from the time of census to the end of the semester, college FTES do not change much.

Pages 20-21 showed information on GASB 45 and the post-retirement actuarial study, as well as accreditation and concurrent enrollment. Regina commended Donna Bestock and Ray Hernandez for their leadership on accreditation. Anyta indicated that other colleges are now contacting Skyline to find out how the college did it. Jeff said the culture of the college also had a lot to do with the success of Skyline's accreditation. Regina

encouraged the group to support their colleagues at the other colleges. Felix noted that the fiesta parties held throughout the process helped develop camaraderie. Jeff asked if there were recommendations for the district and Regina said there were.

Eloisa pointed out the FTES analysis and the district's Budget and Planning calendar for 2008-09. DCBF will likely be reviewing early district-wide resource allocations at the March meeting. Eloisa wants to keep CBC on track because of the uncertainty of the 2008-09 state budget. Now that budget deficit has increased from \$14 billion to \$16 billion, CBC needs to prepare should the colleges be asked to make budget reductions. Eloisa reminded the committee to think about other cost cutting ideas to be included in the list of budget balancing strategies.

Mike said Skyline's 10 percent growth pays for about half of what the college borrowed last summer. If that growth is maintained, will that pay off the other half or does Skyline have to keep growing. Eloisa said if Skyline is able to restore all of its FTES and reaches its growth cap, it will not get funding for anything beyond its growth cap. However, considering fluctuating enrollment trends, it would be better for the district to be over cap. Linda said Skyline could get over the 1% growth cap, based on the 13 districts that are in decline.

Eloisa directed the CBC to the set of tables at the end of the report which shows how much each college spent per FTES from FY 2000-01 to FY 2006-07. Except for 2005-06, Skyline has consistently held the record for spending the least general unrestricted fund dollars per FTES compared to CSM and Canada.

Next meeting: March 13

The CBC meetings will be held as scheduled or canceled if there is no new budget information to discuss.