IMPERIAL VALLEY COLLEGE Budget and Fiscal Planning Committee Friday, May 9, 2014, 10:00 a.m.

Accreditation Standard III: Financial Resources -- Financial resources are sufficient to support student learning programs and services and to improve institutional effectiveness. The distribution of resources supports the development, maintenance, and enhancement of programs and services. The institution plans and manages its financial affairs with integrity and in a manner that ensures financial stability. The level of financial resources provides a reasonable expectation of both short-term and long-term financial solvency. Financial resources planning is integrated with institutional planning.

Mission: Coordinate and integrate college plans and establish budget priorities consistent with the college's vision and mission statements, with recommendations, expressed in dollars, made to the Superintendent/President. Review the Tentative and Adopted budgets for consistency with annual institutional goals and objectives, college plans, and the planning and budget philosophy.

Minutes

- √ Members present:
- √ John Lau, VP for Business Services, Co-Chair
- _ Kathy Berry, Administrative Rep.
- _ Dr. Martha Garcia, College Council Rep.
- _ Eric Jacobson, Faculty Representative
- √ Carlos Fletes, Director of Fiscal Services
- <u>√</u> Kevin White, Academic Senate Rep., Co-Chair
- <u>√</u> Jeff Cantwell, CMCA representative
- √ Mike Nicholas, CSEA Representative
- <u>V</u> Matthew Thale, CSEA Representative
- _ ASG Representative

Recorder: Mary Carter

Visitor(s): none

- A. Call to Order: The special meeting of the Budget and Fiscal Planning Committee was called to order by co-chair Kevin White at 10:10 a.m. on Friday, May 9, 2014. The meeting was held in conference room 1704.
- B. Review and Approval of Minutes: none
- C. Reports: none
- D. Update on Previous Discussion Items
 - a. Program Review Budget update: VP Lau reported that due to the Accrediting Commission's two year rule, the college has a short time frame to fully address all accreditation recommendations. The immediate need is to adopt a budget; however, merely having a balanced budget will not be sufficient. Revenue projections of 3% every year are unrealistic; a more realistic projection would be 2%-1%-1%. Currently the District estimating a \$485,000 deficit for 2014-15. VP Lau stated that he is suggesting a 2% increase to the reserve, every year for the next four years. This would show reasonable progress towards a 16.6% reserve. The challenge would be implementation of such a savings.

In regard to the OPEB liability, there are two costs involved: current employees and future benefits. On the pay as-you-go basis, the cost is \$1.2 million a year and \$3 million for the future benefits. In five years, the college may be in the position to consider an OPEB bond, to address 50% of the unfunded liability over 30 years.

The college's plan is to end FY 2013-14 with a 6% reserve, with a target of 8% reserve for 2014-15. The college may have to consider an across-the-board cut of approximately 3.5% in order to achieve the \$1 million to \$1.5 million reduction needed to increase the reserve and begin to fund OPEB. Director Fletes reported that the May Revise will come out next week, which will give the college firmer information on 2014-15 revenue.

Member Drury stated that Curriculum and Instruction Committee has approved increasing class size. He asked about the possibility of using bond money to enlarge classrooms. VP Lau stated that he will have the district architect attend a future meeting to discuss feasibility of expanding classrooms. He stated that the college is not currently in the position to sell more bonds without increasing the tax rate. If the college is approved for State capital outlay funding for the 200, 300, 800 building modernization, the college may need to do some type of short term financing for the matching funds. Member Cantwell stated that more space will be available with the opening of the new CTE building. VP Lau stated bringing in modular buildings may be another option. Member Thale stated that FCMAT recommends an average class size of 35; IVC is currently at 29. VP Lau stated that 31 make be a more realistic average for IVC.

Director Fletes stated that the budget guidelines stated that there would be not increases to the 4000 and 5000 accounts. The premise was to start with a flat budget using 2013-14 as the baseline. VP Lau stated that in order to get the budget back on track, all requests for additional funds will be taken out of the baseline budget. Departments are being asked to identify increases that are legally or contractually required. Any costs added to the budget will come at the expense of something else. Director Fletes shared a spreadsheet which highlighted variances in the 4000 and 5000 accounts. He noted that some departments made transfers during the year. If the budget transfers were large, it indicates a lack of planning. VP Lau reported that District and CSEA will meet for factfinding in July. The budget will be modified when the CSEA contract is finalized.

Director Fletes reported that June 4 is the target date to resolve all budget differences in order to adopt the tentative budget on June 18. Budget adjustments are needed in a very short time frame. Departments with budget increases have been given until the end of today (May 9, 5:00 p.m.) to give justification for the increases (legally required or budget enhancements). At next week's meeting, a revised budget should be available.

Tentative Budget timeline

- Recommendation needed from BFPC no later than June 4
- Tentative Budget adoption by Board of Trustees on June 18, 2014

Final Budget Timeline

- Recommendation on 2014-15 final budget from committee in August
 - Tentative meeting date: August 20

- Final 2014-15 budget adopted by the Board of Trustees on or before September 15, 2014
 - Probable meeting date September 10
- Resolution of Accreditation recommendations by March 2015

Co-chair White stated that the committee will begin meeting weekly, beginning next week. At the next meeting, the committee will look at the revised draft budget. He noted that communication to the campus community is needed to convey the urgency of the situation. VP Lau stated that a Town Hall meeting is scheduled for next Thursday. Co-chair White stated that he would take on the task of sending out updates to the campus on behalf of the BFPC.

Co-chair White stated that a training on interest based bargaining is needed, and he would like to bring in a professional trainer before school starts in the fall.

Member Cantwell suggested bringing in a consultant to help prepare the next accreditation response.

E. New Discussion: none

F. Action Items: none

G. Other: none

H. Next Meeting: Friday, May 16, 10:00 a.m.

I. Adjournment: Meeting adjourned at 11:26 p.m.