IMPERIAL VALLEY COLLEGE
Budget and Fiscal Planning Committee
Wednesday, March 26, 2014 1:30 p.m.
Board Room

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
√ Dave Drury, Faculty Representative
√ Carlos Fletes, Director of Fiscal Services
√ **Kevin White, Academic Senate Rep., Co-Chair**
√ Jeff Cantwell, CMCA representative
√ Mike Nicholas, CSEA Representative
√ Matthew Thale, CSEA Representative
√ Robert Romero, ASG Representative
Recorder: Mary Carter

Visitor(s): Betty Kakiuchi

A. Call to Order: The regular meeting of the Budget and Fiscal Planning Committee was called to order by co-chair Kevin White at 1:38 p.m. on Wednesday, March 26, 2014. The meeting was held in the Board Room.

B. Review and Approval of Minutes:

   a. ***M/S/C Cantwell/Garcia to approve the minutes of the February 26, 2014*** *meeting with the following amendment to the discussion of funding the OPEB liability: "Mike Nicolas expressed concern that funds in designated reserve could still be accessed for other purposes, whereas money placed into an irrevocable trust for funding the OPEB liability could not."*

C. Reports: none

D. Update on Previous Discussion Items

   a. Program Review Budget update: Carlos Fletes, Director of Fiscal Services, reported that today is the deadline for budgets to be entered on-line. Member Jacobson noted that according to the Planning Calendar, budget prioritizations lists are due March 28. He expressed concern about adhering to the deadlines. Member Garcia clarified that the March 28 date is for prioritizing budget enhancements submitted through

Program Review (which were due February 21). There are two processes: Program Review and on-line budget input. Dave Drury stated that it will be easier to get the enhancement from the on-line budget, and that with a new process some adjustments may be necessary.

b. ACCJC Special Report due April 15, 2014: Co-Chair White reported that the report is still in draft form, but will be made available to the committee before it goes to the Board for approval. A special committee meeting will be scheduled to approve the report.

E. New Discussion

a. Possible revenue shortfall: Director Fletes presented information from the 2013-14 First Principal Apportionment, Exhibit C showing a potential revenue shortfall of $1.4 million. Due to the state's improving economy, the College was not expecting this deficit; however, there is still uncertainty at the state level due to whether or not redevelopment funds will be paid as expected. There have been deficit factors in previous years that have been made up partly or almost fully at the recalculation done in February of the following year.

Director Fletes showed a history of impact of the state deficit factors since 2008-09. P1 refers to the First Principal Apportionment issued in February, and R1 to the Recalculation done in February of the following year :

Fiscal year		Deficit factor	Total Computational Revenue	Deficit Amount
08-09	P1	1.30%	35,890,268	466,855
	R1	1.19%	35,495,842	422,357
09-10			No deficit	
10-11	P1	0.82%	35,733,749	292,739
	R1	0.32%	35,629,698	115,141
11-12	P1	3.42%	33,162,066	1,133,892
	R1	1.94%	33,159,654	642,727
12-13	P1	6.29%	31,996,500	2,013,940
	R1	0.22%	31,157,895	69,919
13-14	P1	4.36%	34,013,827	1,483,166
	R1			?????

Director Fletes stated that some districts budget for the deficit and most have double digit reserves. In 2012-13 the deficit was reduced from $2 million to $69,919, but the state was uncertain at the beginning of the year whether Prop 30 would pass. FY 2012-13 was also the first year of the dissolution of the redevelopment agencies, adding to the uncertainty. The state was able to make up

most of the deficit last year due to the passage of Prop 30. The college needed a $9.8 million TRANs (Tax Revenue Anticipation Notes) for cash flow in 2012-13.

Director Fletes stated that the college needs to be cognizant that this year's deficit may not be fully funded. How much of the deficit the state will fund will not be known until February 2015 making cash flow again an issue. An additional TRANs may be needed for short term financing. Committee members acknowledged that the deficit is a serious issue, and that the college cannot assume that it will get full payment. Suggestions included budgeting for a 2% deficit and reconsidering whether getting full funding plus growth is still a valid assumption.

b. Cut-off date for purchase orders and budget transfers (April 15, 2014): Director Fletes reported that a cut-off date of April 15 for purchase orders and budget transfers is again being proposed (consistent with previous years). The cut-off does reduce last minute shopping sprees somewhat, but purchase orders are processed after the cut-off date if approved by the area vice-president. Director of Purchasing Betty Kakiuchi reported that the cut-off date works well for ensuring orders are received before June 30.

c. Financial report "dashboards": Co-chair White asked the committee to decide what data would be useful to provide in "dashboards" (snapshots of financial information). Kevin White, Matthew Thale, Dr. Martha Garcia, Jeff Cantwell and Carlos Fletes volunteered to work on developing the financial reporting dashboards.

F. Action Items

a. Recommendation regarding funding plan for OPEB liability: ***M/S/C Thale/ Cantwell to recommend*** that if a favorable variance exists at the close of a fiscal year (between budget and actual) that this amount be allocated 70% to the reserve and 30% to a fund designated for the OPEB liability within the reserve. Any use of the available reserve for current operations requires approval by the Board of Trustees. Furthermore, if determined to be financially feasible by the administration and the board, the 30% shall be transferred to an irrevocable trust fund for the OPEB liability.

Director Fletes advised transferring money to an irrevocable trust for the OPEB liability every year, if financially feasible. Setting money set aside within the reserve fund will not count as funding the OPEB liability. The OPEB liability increases at the rate of $400,000 to $600,000 per year. It was noted that 30% of the estimated year end savings of $400,000 is approximately $120,000. Kevin White stated that funding the liability is a long term problem which requires a long term solution.

G. Other

H. Next Meetings: April 16, April 30, May 14 and May 28, 2014

I. Adjournment: Meeting adjourned at 2:46 p.m.