

IMPERIAL VALLEY COLLEGE
Budget and Fiscal Planning Committee
Wednesday, October, 22, 2014, 1:30 p.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**

✓ Dr. Nick Akinkuoye, Admin. Rep.

_ Kevin Marty, Academic Senate Rep.

✓ Dr. Michael Heumann, Faculty Representative

✓ Dave Drury, Faculty Representative

✓ Lidia Zambrano, ASG Representative

Recorder: Mary Carter

✓ **Matthew Thale, Classified Representative (Co-chair)**

✓ Melody Chronister, College Council Rep.

✓ Jeff Cantwell, Classified Manager/Confidential Rep.

✓ Mike Nicholas, Classified Representative

✓ Carlos Fletes, Director of Fiscal Services

Visitors: Frank Hoppe, Eric Lehtonen, Maria Neely, Mary Jo Wainwright, Kevin White and David Zielinski

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- A. Call to Order: The regular meeting of the Budget and Fiscal Planning Committee was called to order by co-chair Matthew Thale at 1:36 p.m. on Wednesday, October 22, 2014. The meeting was held in the board room.
- B. Review and Approval of Minutes:
- a. ***M/S/C Fletes/Chronister to approve the minutes of the September 24, 2014 meeting as presented.***
- C. Reports:
- a. Statewide fund balance survey results: VP Lau reported that the survey was conducted by San Bernardino Community College, with some information extracted from 311 reports. The report is presented as information to the committee showing the ending fund balance as percentage of expenditure. Director Fletes stated that the survey did not include "other outgo", so the survey shows slightly higher reserves. For example, IVC's is 6.9% when other outgo is included. VP Lau stated that IVC is in the lower 10% of colleges in the survey.
- b. Draft Accreditation response, recommendation #8: VP Lau reported that the response is 85% to 90% complete. Key points captured by the response are:

- The budget is balanced
- The College is developing a strategy to control its liabilities in a way that makes sense for the institution. The plan is to redirect \$310,000 that is currently being used to make debt payments to a bond to fund the OPEB liability once the debt is paid off in 2018. The advantages of this plan is that it is achievable with the college's current resources; the payment is currently in the budget; bonding will make a bigger impact on the liability and reduce the pay-as-you-go amount.
- Budget projections are based on flat revenues and fixed operational costs; however, the college can't maintain flat expenses for more than two years. Health insurance, retirement costs and operations costs will increase, as well as services and supplies.

D. Update on Previous Discussion Items

- 2015-16 update: Director Fletes reported that he has requested reports from SPOL in order to get the status of budgets submitted to date. Currently the college cannot generate the reports in-house. The budget process seems to be on track.

Discussion:

- How clean will budgets be? Unknown at this time per Director Fletes.
- Member Chronister: Her understanding is that SPOL is building the reports for the college at this time.
- Mary Jo Wainwright: What is the process for holding area leaders accountable? Per VP Lau, budgets will be first subject to an informal review by the Business Office, any questions will be referred to the area vice president. Budget ownership by departments will be stressed.
- Mary Jo Wainwright? What about the 10% variance threshold for review? VP Lau: There should not be big variances because departments are not to exceed last year's totals.
- Mary Jo Wainwright? How does a flat budget work, if costs are increasing (i.e. contracts recently approved by the board in the IT area)? Per VP Lau, the flat budget will only work for the next two years. The next step is for each area to capture and project increasing costs from Program Review so that the College knows what is required going forward and how we are going to pay for it. For example, Maintenance has a large list of unmet needs, and a plan is needed to mitigate those costs. VP Lau proposed discussing unmet needs at the next meeting. Member Drury stated that the discussion highlights a historical problem of the funding of requests that were not included in Program Review.

E. New Discussion:

- a. Strategy to fund OPEB Liability (Héctor Reyes-Erazo, Executive Vice President, Backstrom McCarley Berry & Co., LLC)

Héctor Reyes-Erazo, Executive Vice President, Backstrom McCarley Berry & Co., LLC, gave information to the committee on how the college could lower the present value of its OPEB liability. He stated that the college needs a strategy to pre-fund the liability to the extent that it can. There are various financial vehicles that the college could deposit the money into, for example an irrevocable trust. Currently the college has a \$35 million liability. The liability is a huge burden on future employees and the General Fund, and it is not sustainable for the college. As a financial adviser to the college, his firm could make sure that the college gets the best structure (least cost, best product) to bring down the liability. Per VP Lau, the college could develop a strategy now, with timing of the bond issuance in early 2018. The strategy would include funding the liability and cost control.

- b. Process for Review of Grant Applications: The committee discussed the process for reviewing grants applications. The committee agreed that all grants should go through the same process, and the process needs to be centralized. The committee acknowledged that many times there are short timelines with grant applications. Member Nicholas stated that President's Cabinet needs to know what the commitment needed from the College as to on-going cost. The current process is decentralized. VP Lau stated that the President is the ultimate decision maker on grants, but it is up to the vice presidents to make sure that the process is followed. The key questions that need to be answered are: amount of district match, what is the future obligation for the college, and what is the benefit to the college. Any grant must be fully vetted to determine what its General Fund commitment will be. Dr. Akinkuouye will develop guidelines for further discussion at the next meeting.

F. Action:

- a. Recommendation to the Superintendent/President regarding process for review of grant applications: no action taken

G. Other:

Frank Hoppe, Reference Librarian, expressed concern about the areas of significant variance highlighted in the FCMAT report, and discussed at the last committee meeting. The committee acknowledged that coding varies from district to district, and that the data is now two years old. VP Lau and Member Nicholas both stated that the areas of big variances need identified and addressed.

H. Next Meeting: November 26, 2014 at 1:30 p.m.

I. Adjournment: Meeting adjourned at 3:40 p.m.