



BUDGET COMMITTEE MEETING

April 25, 2018
 Room 2106
 2:00-3:30 p.m.
MINUTES

CALL TO ORDER: The meeting was called to order at 2:07 p.m. by Committee Chair, Morris Rodrigue.

Roll Call:

x	Jill Ault		Sara Holmes	x	Morris Rodrigue		Student Rep.
x	Don Cingrani		Tom Simpson	x	Kathy Royce		
	Sue Loring	x	Tom Martin	x	Susan Schroth		

APPROVAL OF MINUTES: 3/21/18 – Royce/Schroth. Discussion: none. Motion carried unanimously.

PUBLIC COMMENTS: None

REPORTS: None

DISCUSSION/ACTION:

A. State Budget Updates

Morris shared that there are no new updates at this time. The May revise is on the horizon.

B. 2018-19 - 2nd Review Preliminary Budget

Morris started the discussion and said we are still unsure about where we will land on the expenditure side. A variety of scenarios have been looked at. Two areas where expenses have gone down are legal fees and equipment. Some other areas will come in under as well, but not much on the salary side-based on current projections.

Morris and Jill continue to review the TCR, and have added \$200,000 for 2018-19 which still reflects the 2.15% COLA, and assumes we will be flat from this year to next year. All projections are being calculated under the current funding formula. At the last meeting there was over \$3 million for potential net income loss. That is now down to ~\$2 million. The budget was sent out to reopen the module for all managers to go through it again, but there wasn't a lot of adjustments, only about \$225,000 less on the expenditure side. Don asked if sending out the budget again was done in an attempt to take the 4% deficit, and spread it across all account codes.

Jill said they found a large error of ~\$85,000, which could potentially impact the 4%, but part of what we are trying to do is make all managers aware there is a budget concern, and for them to focus on making good estimations. Don said, but as we do that, it will change that 4%. Morris said yes, and we may need to adjust the 4%. Tom asked if it is 'a use it or lose it' practice, meaning if a department doesn't spend all budgeted dollars in an account code such as supplies, their budget will decrease the following year. Don said he understand that the essence of what we are doing is bottom up - zero based budgeting. Zero base meaning, we start fresh every year with new budget amounts that are tied to justification. Jill said that is correct, every entry should have a comment to justify the amounts being requested. Morris said the budget managers should look back at prior years and compare their budget to actuals, and then build their budgets using this information. Morris said if there are large increases requested, then each one is reviewed prior to being funded. One area that is a good example of this would be transportation, where some years require more supplies, such as tire expenses that they didn't have the year before. Susan said some grants operate under the 'use it or lose it'. Morris said that is not true for Fund 11 budgets. Kathy said she still hears comments about 'use or lose it' and believes some managers still operate under this assumption. Morris said operating costs and salaries and benefits consume most of the budget, and things such as supplies which could be viewed as a 'use or lose it' do not impact the budget very much.

A lot of time was spent in the 5000 line items. As of the last meeting, the 5000 items were up to ~\$700,000, now they are down to ~\$500,000 (page 3), which includes some onetime expenses, such as the budgeted web design dollars. An escalating cost each year is the cost of software licenses and maintenance. Another area where a big change was made is in employee and retiree health benefits of around \$1.6 million, and in order to get down to that number, we would have to draw dollars out of the OPEB Trust.

For the discount factor, tightening up the line items may change the 4%, and it could possible go down to 3.5%, which might be more realistic. Don said he is an advocate for budgeting realistically, but he also understands conservative budgeting, and it makes sense to consider dropping the discount factor number. Don also added that it is equally important to put forward a good perception and to have transparency. Morris said the reality is we are having to tighten up our budgeting, so making the discount factor a more realistic number helps in getting closer to our projections. Don said, if anything, the budget should be as truthful as we can make it.

Jill explained that Fund 12 is the restricted area of the budget, and the income and expenses should balance each year. She puts in an adopted budget for Fund 12, and then changes it as we receive funding throughout the year. Don asked if we were to end up with a shortfall in Fund 12, would Fund 11 cover the expenses. Jill said we should never over spend in Fund 12 budgets. Some categorical and grants allow carry over and some require us to return any unspent dollars. Jill said we do not let Fund 12 managers over budget, and Colleague prevents overspending for the most part.

Faculty Obligation Number (FON) - Morris said we are well above the minimum FON, which is the percentage of full time versus part time faculty. The FON is 75% FT and 25% PT, but this percentage is not mandated. Morris explained that there was a decrease in the academic administrator salaries of \$300,000, and then an increase of \$121,000 that occurred by shifting around the positions and realigning them to where they actually should be. Academic administrators are STRS and the nonacademic administrators are PERS.

Morris said there are adjustments made through the year on positions, but budgeting is done with the assumption that all positions are filled or are planned to be filled. In Fund 11 the salary lines for instructional contracts are the least volatile because there isn't as much turnover in faculty positions as there can be in classified positions.

Morris informed the committee that at the next meeting they will not only look at the final version of the budget for 2018-19, but the President will also be at the meeting. Morris acknowledge that this year has been a more difficult budget planning year, and he thanked the committee for their continual hard work.

OTHER / ANNOUNCEMENTS: None

ADJOURNMENT: 3:05 p.m.

NEXT MEETING DATE: May 5, 2018

Recorded by:

Sherry Nicholas
Executive Assistant
Administrative Services