



SANTA ROSA JUNIOR COLLEGE

BUDGET ADVISORY COMMITTEE

Minutes

Friday, November 8, 2002
Senate Chambers, 9:00 a.m.

The meeting was called to order by Ron Root (Co-Chair).

Members present: Russ Bowden, Barbara Croteau (Co-Chair), Ted Crowell, Andrew Dolcini, Bob Flores, Micca Gray, Maryanne Michaels, Cole Perry, Jamey Ransford, Ron Root, Ed Sikes, Sandi Tassano.

Members absent: Peg Goebel, Michael Ludder, Joe Morello, Deborah Sweitzer.

Also present: Bea Griffiths, Kathi Bradbury, Eileen Cichocki, Kat Lewis, Lamont Royer, Susan St. Clair.

Ron Root asked the committee to begin a roundtable discussion at this meeting regarding the development of successful budget retrenchment strategies. This discussion will continue for the next several months.

1. Approval of Minutes—September 24, 2002

The minutes from the committee's October 22, 2002 meeting were approved as submitted.

2. Response to 10/22/02 BAC Questions

At the committee's last meeting, questions were asked regarding the fund reserve, as well as operating transfers from the General Fund. Eileen Cichocki distributed and reviewed a fund balance analysis showing what comprises the fund reserve. She explained that reserved funds are generally money and non-cash assets that are legally restricted by an external source, whereas designated funds are controlled by the Board of Trustees. Of the \$11.39 million estimated 02/03 ending fund balance, \$893,514 is the reserve fund balance, \$6.31 million is the designated fund balance, and \$4.18 million is the unrestricted fund balance. During a discussion about staff vacation accrual and the resulting liability, Eileen stated that out of the \$1.9 million total staff vacation liability as of 6/30/02, \$940,000 represents what SRJC could reasonably expect to payout during the fiscal year.

Kathleen Bradbury presented to the committee a detail of FY 01/02 transfers from the General Fund. The \$2.99 million total consisted of \$2.32 million for capital projects, \$225,504 annual transfer to Child Development, \$305,000 to fully fund the retiree benefit liability, and \$140,000 annual transfer to Fund Development. When Micca Gray asked about the PSTC's \$1.9 million included in the capital projects transfers, Ron Root answered that it was a required college match of funds.

3. Budget Retrenchment Strategies

This meeting will be the start of a roundtable discussion regarding the serious budget projection for the future and provisions the college can take to help deal with the situation. Ron Root suggested that the committee discuss the process it might use to evaluate priorities and then as time goes on, apply these priorities to the actual budget figures.

Ron reviewed the Chancellor's outline for response to potential funding reductions for 2003/04, and stated that he wanted to share this document as a tool in relation to the format and concept, rather than the actual content.

The committee discussed a draft proposed to component administrators that outlines a process for unrestricted, non-instructional, General Fund expenditures to ensure that the use of unrestricted general funds is minimized and directed toward the college's highest priority needs. Any proposed unrestricted General Fund equipment expenditure exceeding \$1,000 must first be approved by the appropriate Component Vice President, and then by the Vice President of Business Services. If sufficient justification exists, the VP, Business Services may determine that the requested equipment is eligible for funding from bond funds. If this is the case, Business Services will still capture the original departmental funds identified for equipment and hold them until the next fiscal year when they will be restored to the department.

There was a discussion about the dollar threshold for capitalized goods. Ron said this year the college will be preparing a profit/loss statement—a different reporting format than in the past. He added that the most significant aspect of this reporting is depreciation accounting. SRJC can set a reasonable dollar threshold of what is capitalized (eligible for depreciation) and Ron suggested setting it above \$5,000. The committee considered situational examples of whether items should be funded using bond money or the General Fund, and Ron cited the need to examine the purpose of the equipment.

When asked about scheduled maintenance, Ron replied that typically a business would depreciate its equipment and set aside reserves to replace worn out items, but if the college did that it would accumulate a huge reserve. He added that it might be beneficial for the committee to hear a brief presentation on facilities analysis, and that type of analysis will drive some of the planning for replacement.

Ron Root asked the committee to continue the ongoing budget discussion to its next meeting on November 26. In the meantime, the committee members should think about strategies for budget retrenchment—how to go about containing costs and perhaps cutting portions of the budget in times of financial challenges. Also, he said Ed Buckley, VP of Academic Affairs, will be present at the next meeting to talk about some of the trends in instruction over the last few years and the fiscal impact on the college.

Barbara Croteau expressed her interest in making a commitment not to cut staff or faculty.

Maryanne Michaels suggested devoting the entire December 13 meeting to the ongoing budget discussion.

The meeting adjourned at 10:00 a.m.

Next Regular Meeting: Tuesday, November 26, 2002, 2:30 p.m. - Senate Chambers