Committee Members: Jonathan Brusco, Kent Child, and Mark Dover
Committee Resources: Steve Kinsella and Susan Cheu
Other Attendees: Nancy Bailey and Ken Wagman

1) Call Meeting to Order – Trustee Child called the meeting to order at 5:20 p.m.

2) Approve Minutes – The minutes from August 27, 2012 were approved. MSC (Brusco/ Dover)

3) Comments from the Public – No Comments

4) FY 2012-13 Gavilan’s Current Budget – Chief Financial Officer Ms. Susan Cheu reported that since the midyear update, not many changes had occurred in terms of expenses. The revenue figures continue to be in line with the budget. The State’s May (mid May) revise should provide more information.

President Kinsella reported that there are conversations at the state level about funding the student success initiatives. He added that this may create additional workload for the district. There may also be funding available for additional growth.

5) FY 2013-14 Gavilan Tentative Budget – Ms. Cheu reviewed the “Consolidated Summary of All Funds” for the Tentative Budget. Trustee Brusco asked about the increase in the CalPERS contribution for employers. Ms. Cheu said that a 1% increase has been built into the FY13/14 Tentative Budget bringing the employer contribution up to 12.4%. The committee discussed the impact that future increases would have on the District as it may increase in upcoming years to 20%.

For FY 2012-13, Ms. Cheu reported that over $1 million remains in encumbered funds and another $1 million in unspent expenditures. Based on prior years, Ms. Cheu felt that at least $100,000 – 200,000 would not be spent. The unspent budgeted funds will be moved forward into FY13/14. Although that helps the tentative budget, it is not good practice as those funds could have been used by another discipline or department in FY12/13. When asked about a trend in the unspent funds, Ms. Cheu reported that trend analyses have been completed and no trend could be found. The Committee members discussed possible solutions and approaches to the problem. A suggestion was made that when a grant is involved, the budgeted expenses for that discipline could be consolidated and reduced. The amounts usually budgeted in the general fund should be adjusted through the next funding cycle. Once the grant has ended a process to determine if general funds contributions should resume must be clear and assured.

Trustee Brusco noted that the ending fund balance for the Tentative Budget is at 5% which is the minimum allowed. President Kinsella stated that falling below the 5% fund balance would involve submitting a recovery plan to both the State and also the Accrediting Commission.

Trustee Dover asked about the Prop 30 funds and President Kinsella responded that other districts handled the last 3 years with staff lay-offs, cutting classes, and reducing their faculty obligation. Gavilan’s approach was to avoid wide swings that would severely impact our students and staff. Gavilan will receive the Prop 30 restoration funds but due to the fact that Gavilan did not make drastic cuts, the funds will reduce the existing deficit.

The Trustees discussed local revenue and how an increase in property tax revenue does not mean an increase to our revenue figures as the state reduces their portion by the local tax revenue. The total revenue received by the college is based on our FTES.

President Kinsella discussed the changes to our FTES revenue funding base over the last 3 years. The District is 700 FTES below the FY09/10 revenue base.
Other items that affect the FY13/14 budget include organizational changes to the Child Development Center, position reallocation due to vacancies, and positions remaining vacant. The tentative budget includes a transfer of $275,000 from the Retiree Health Benefit trust. The trust is still strong with a $5 million balance.

The impact of the Obama healthcare plan was discussed briefly. The reporting requirements for the employer will increase and along with a projected 8% increase in health expenditures for the district. How the changes will be implemented is still unknown.

6) Adjournment - Meeting adjourned at 5:59 p.m. MSC (Brusco/ Dover)