Board Budget Committee Minutes
May 12, 2014

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

1) Call Meeting to Order – Trustee Child called the meeting to order at 5:35 p.m.

2) Approve Minutes – The minutes from August 20, 2013 were approved. MSC (Dover /Brusco)

3) Comments from the Public – No Comments

4) FY 2013-14 Current Gavilan Budget – Chief Financial Officer Susan Cheu provided an overview of the current budget. She noted that there were no significant changes at midyear. The budget was balanced by a reimbursement from the retiree health benefit fund.

President Kinsella reported that the State’s May budget revise is set for Tuesday, May 13. He said that although the state is receiving large amounts of revenue, rumors are that the surplus will not result in unrestricted funds for educational entities. Any additional funding received will probably be restricted or designated for specific uses.

Measure E funds are being used for the instructional equipment match which helps the general fund. Items being purchased include fixed assets which are needed to better serve the students. Trustee Child asked if the FY13-14 general fund actuals will come close to budgeted amounts at year end. Susan indicated that they are watching it but still predicts $200,000 - $300,000 unspent based on past experience. President Kinsella reported that state notifications were received for the Integrated Waste Management mandated claim. The state disallowed over $100,000 in a desk audit. The district will appeal. Approval was received on approximately $450,000.

5) FY 2014-15 Gavilan Tentative Budget – Susan Cheu reviewed all the funds reported on the “Consolidated Summary of All Funds”. The general fund reflects an increase of 3% in state revenue. The tentative budget reflects a deficit of ($664,339). Other notable items include changes in salaries. This change is a net amount resulting from new hires including 4 new faculty positions, reduction of part-time faculty due to the new positions, and less backfilled positions from grants. None of the collective bargaining contracts have settled. The budget is calculated with no COLA increase. Trustee Brusco asked about the increase in benefits. Susan said some of it is a reflection of the new positions. The benefit rate change comes in January. To provide a realistic view of costs when building the tentative budget, she reduced employer burden and benefit costs to reflect adjustments generally made at midyear.

President Kinsella said the “unknown” factor is the revenue for FY14-15. If the state does not pay for additional growth we will have to balance the budget by cost savings. This means a reallocation of current funds with no additional revenue.

6) Other – President Kinsella noted that a future discussion item will be how best to utilize the remaining ME funds. Trustee Dover asked about the funds set aside for the Physical Education renovations and President Kinsella said the $7.5 million budgeted in ME is match money for a state capital outlay project. The state may not be able to provide funding for that project within the time frame for expending ME funds. Trustee Dover was hopeful to complete renovations for that project.

Trustee Brusco asked about expenditures from the aspect of the 50% law. President Kinsella said it is hard to calculate before year end as there are many unique costs categories. Trustee Brusco asked if the two new vice president salaries will affect the calculation. President Kinsella said perhaps a little and added that a portion of their salary is pulled out of the calculation for planning purposes.

Trustee Child acknowledged the work of Susan and staff in the preparation of this information.

7) Adjournment - Meeting adjourned at 5:35 p.m.