

IMPERIAL VALLEY COLLEGE
Budget and Fiscal Planning Committee
Wednesday, September 27, 2017, 2:00 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**

_ Nick Akinkuoye, Admin. Rep.

√ Mary Lofgren, Academic Senate Rep

_ Michael Heumann, Faculty Rep

√ Zhong Hu, Faculty Representative

√ Miguel Rubalcava, ASG Representatives

Recorder: Mary Carter

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

√ Melody Chronister, College Council Rep.

√ Jeff Cantwell, Classified Manager/Confidential Rep.

_ Mike Nicholas, Classified Representative

√ Cecilia Duron, Director of Fiscal Services

A. Call to Order: The regular meeting of the BFPC was called to order at 2:02 p.m. Matthew Thale, co-chair. Cecilia Duron, Director of Fiscal Services was introduced and welcomed to the committee. VP Lau reported that he will be retiring in June.

B. Review and Approval of Minutes:

1. **The minutes of the August 31, 2017 meeting were approved as presented.**

C. Reports: Budget Workshop presentation by John Lau, VP Administrative Services

VP Lau presented his Budget Workshop report given to the Board of Trustees at their September 5, 2017 retreat (the presentation is attached to these minutes).

- 8% growth, fully funded
- \$1 million deficit possible after negotiations finalized
- The college is now in growth mode versus survival mode
- VP Lau will be asking the committee for a recommendation to address deferred maintenance items
- Replacement of the Bookstore modular has been deferred for at least one year, but it will need to be addressed in the near future
- Electrical projects have the highest deferred maintenance priority, but plumbing also has a high priority

- How will the college fund replacement projects? Budget for depreciation expense every year? There is a need to capture expenses campus-wide and have a line item in the budget.

D. Update on Previous Discussion Items: none

E. New Discussion:

1. Update of bylaws, creation of sub-committee: A sub-committee composed of members Chronister, Lau, Thale and Duron was tasked with updating the bylaws which are over 19 years old. They will present the revised bylaws to the committee for approval.
2. Topics/goals/task for the year:
 - Address deferred maintenance needs and funding
 - New programs: business plan/cost of ownership: Suggestion to send a letter to the Superintendent/President and cabinet asking that new programs have a business plan before they are implemented. There is also a need for review and follow-up to evaluate new programs.
 - Funding for replacement equipment costs

F. Action items:

1. ***Election of committee chair: Mathew Thale was re-elected committee co-chair.***

G. Other:

1. ***Discussion of furniture replacement***
 - Two classrooms had chairs replaced by department, the question has arisen as to who "owns" the rooms
 - What is the process for furniture replacement?
 - Purchasing is not centralized
 - A policy on furniture replacement is needed
 - Funding for furniture replacement needs to be identified

H. Next Meeting:

I. Adjournment: Meeting adjourned at 3:10 p.m.

Budget Workshop

SEPTEMBER 5, 2017

PRESENTED BY JOHN LAU

VICE PRESIDENT FOR ADMINISTRATIVE SERVICES

2017-18 Budget Summary

2017-18 General Fund	
Projected Revenues	\$43,290,915
Projected Expenditures	<u>\$43,809,005</u>
Deficit	(\$518,090)

Note: Deficit will be funded from favorable carry forward from prior year

2017-18 General Fund Budget

Comparison to 2016-17 Actual

	2017-18 Budget	2016-17 Actual	Variance
Total Revenues	\$43,290,915	\$42,467,461	\$823,454
Total Expenditures	<u>\$43,809,005</u>	<u>\$40,951,555</u>	\$2,857,450
Totals	(\$518,090)	\$1,515,906	

One Time Money

Fiscal Year	Stability Funding	Mandated One-Time
2017-18	Not known	
2016-17		833,661
2015-16		3,996,466
2014-15		478,063
2013-14		183,652
2012-13	<u>292,208</u>	<u>169,650</u>
Totals	\$292,208	\$5,661,492

Note: a further challenge in coming years will be for the College not to depend on one-time money to help fund on-going operations

Use of 2015-16 One-time Money

	2015-16	2016-17	2017-18	2018-19	2019-20
Beg. Balance	4,000,000	3,400,000	3,144,000	2,326,000	1,508,000
Used	(600,000)	(256,000)	(818,000)	(818,000)	(818,000)
Ending Balance	3,400,000	3,144,000	2,326,000	1,508,000	690,000

Revenue

Changes to Revenue

	Budget 2017-18	Actual 2016-17	Variance	Actual 2015-16
Total Revenues	\$43,290,915	\$42,467,461	\$823,454	\$43,735,694

Significant Areas of Decrease	
Prop 30	(\$221,492)
Enrollment Fees	(102,293)
Lottery Revenue	(96,795)
Redevelopment	(50,730)
Various	<u>(93,346)</u>
Total	(\$564,656)

Significant Areas of Increase	
State Apportionment	\$856,593
Other State	182,674
Property Tax	171,132
Various	<u>177,711</u>
Total	\$1,388,110

Net change (\$564,656) + \$1,388,110 = \$823,454

Expenditures

2017-18 Expenditures

Total	Budget 2017-18	Actual 2016-17	Variance	Actual 2015-16
Expenditures	\$43,809,005	\$40,951,555	\$2,857,450	\$38,922,760

Significant Areas of Decrease	
Various	\$78,208

Significant Areas of Increase	
STRS/PERS	\$1,116,332
Salaries	1,072,543
Benefits	131,999
Contracts, leases	232,553
Capital Equip.	66,441
Supplies	78,571
Conference Travel	44,598
Various	<u>192,621</u>
Total Increase	\$2,935,658

Net Change
\$2,935,658
<u>(78,208)</u>
\$2,857,450

Salary & Benefits

Fiscal Year	Salary & Benefits	General Fund Budget	% of Budget
2017-18	\$39,278,057	\$43,809,005	89.66%
2016-17	\$36,957,183	\$42,398,504	87.17%
2015-16	\$34,585,715	\$38,922,766	88.85%
2014-15	\$32,265,831	\$36,650,419	88.04%
2013-14	\$30,732,624	\$35,551,386	86.45%
2012-13	\$28,849,480	\$33,370,652	86.45%

Note: From 2012-13 to 2017-18, Salary and Benefits have increased by \$10,428,577 approximately 36%. On average, this is approximately 6.25% per year.

Reserves

Reserves (Fund Balance) as of 7/31/17

Year	Undesignated	Designated	% Undesignated	Total
2017-18	\$6,135,321	\$2,946,734	14%	\$9,082,055
2016-17	4,410,249	3,052,005	10.76%	7,462,254
2015-16	4,130,106	3,799,000	10.61%	7,929,106
2014-15	3,086,178	\$30,000	8.4%	3,116,178
2013-14	2,473,273	-0-	6.9%	2,473,273
2012-13	2,335,684	-0-	7.0%	2,335,684

Designated Reserve	2017-18
PERS/STRS	\$2,326,734
OPEB	<u>620,000</u>
	\$2,946,734

FTES

FTES

	FTES	Actual FTES	Difference	Funding per FTES	Value
2017-18	6915			\$5,151	
2016-17	6854	6854	0	\$5,005	
2015-16	6942.00	6811.90	(130.1)	\$4,723	(\$614,462)
2014-15	6873.43	6843.63	(8.8)	\$4,676	(\$41,149)
2013-14	6625.00	66.25.00	0	\$4,636	0
2012-13	6300.00	6052.74	(247.26)	\$4,565	(\$1,128,742)

Projections

Projected Revenue and Expenditures

	2017-18	2018-19	2019-20
Revenue	\$43,291,000	\$44,157,000	\$45,040,000
Expense	<u>43,809,000</u>	<u>44,247,000</u>	<u>44,689,000</u>
Deficit	(\$518,000)	(\$90,000)	\$351,000

Assumptions:

Revenue: annual growth of 2% based on

1. New or expanded programs (prison, dual enrollment, non-credit)
2. Results from enrollment management tools

Expenditures: assume an inflation rate of 1%

Financial Stability

Key Areas

- Revenue/Student Enrollment Levels
- Expenses/Productivity
- Capital Projects/Deferred Maintenance/Deferred Costs
- Reserves (Fund Balance)
- Awareness of on-coming issues

Areas of Concern

1. Creating new programs
2. Increased retirement costs
3. Funding unmet needs:
 - Equipment replacement
 - New demands for funding to meet changing programmatic needs
4. New staff requirements

Deferred Maintenance

Physical Plant and Instructional Support

At one time, deferred maintenance for the physical plant was directly supported by the State. Approximately 7 years ago the State converted to block grant funding for physical plant and instructional support.

These funds are allocated to Maintenance (physical plant), Academic Services and Information Technology.

The funding for the last 3 years is shown below.

Fiscal Year	PPIS funding
2017-18	\$458,669
2016-17	\$1,118,374
2015-16	\$890,791

Partial List of Deferred Maintenance Items

Audio visual	1,600,000	Water chillers	628,000
Planetarium	200,000	Exterior doors and elevator	1,127,000
Plumbing	3,168,000	Fire protection	415,000
Heating	4,927,000	Tennis courts	500,000
Air Conditioning and HVAC	9,047,000	Pipes	913,000
Roof and framing	508,000	Transformers	454,000
Ceilings	1,530,000	Total	25,017,000

Projects to be undertaken in FY 2017-18: Bookstore replacement (est. \$700,000 - \$1 million) and High Voltage Feeders (\$681,000)