Board of Trustees  
Fiscal Committee  

MINUTES

Mr. Morris Jurkowitz, Chair  
Mr. Des O’Neill  
Dr. Joe Dobbs

Monday  
4:00 pm  

August 9, 2010  
A218C

Others present: Dr. Andreea Serban, Superintendent/President; Dr. Ofelia Arellano, VP Continuing Education; Liz Auchinloss, President CSEA; Dr. Paul Bishop, VP IT; Marsha Croninger; Dr. Jack Friedlander, Executive VP; Leslie Griffin, Controller; Joe Sullivan, VP Business Services; Sonia Fernandez, Reporter Santa Barbara News-Press

1. Updates from the State Chancellor’s Office and California Community College League Regarding Budget Discussions and Issues for 2010-11 (Attachment 1)

Superintendent/President Dr. Serban noted that there was nothing to report from the state as the state still has not passed a budget. The latest updates were included for informational purposes. The Community College League continues to be concerned about the impact the lack of a budget is having on a number of colleges. Superintendent/President Serban is putting together a list for the next study session that will include a compilation of various press coverage on how some colleges from across the state are handling this budget crisis. It’s important to take the time to fully understand these consequences as our college is not being given the credit it deserves for the excellent work that has been done over the past two years and the very effective fiscal management we have demonstrated. Some colleges without sufficient reserves have been forced to borrow to deal with cash flow shortfalls and other fiscal issues. Currently 20 community college districts from around the state have had to borrow over a total of $140 million for 2010-11 alone in order to survive; this includes Cuesta and Allan Hancock. This information will be provided college wide because it is important that everyone understands where we stand compared to other colleges.

2. 2009-10 SBCC Annual Apportionment Report (CCFS 320) and Implications for 2010-11 (Attachment 2)

Superintendent/President Serban reviewed the annual apportionment report. In
2008-09 the college was still being funded for growth and we were given a 2.32% growth target, which was easily achieved. In September of 2009 various budget cuts occurred and SBCC received a permanent reduction of $2.6 million in our base apportionment. The differences between the target amount and the actual exceeded both in credit and non-credit. Credit was over with 1,119 FTES and non-credit was over about 39 FTES. If actual growth had been reimbursed, SBCC should have received an additional $5.2 million in funding for 2009-10. What this report shows is that the college was able to accommodate $5.2 million in unfunded enrollments, which helped many students who otherwise would not have had this opportunity. Some colleges have chosen to cut drastically and quickly to be at the target rate and the funded level by the state, on the credit side we believe that based on experience it's not wise to make these cuts because once these cuts are made it's extremely difficult to recover. Reductions that will be put in place for 2010-11 will be lower than in 2009-10. We will be over cap again. However, to the extent that we can afford to accommodate students who really need us, especially to obtain a certificate, degree, transfer, or get a job, we believe that we should meet that demand as long as we can remain fiscally in good shape.

3. SBCC Cash Flow Analysis and Implications (Attachment 3)

3.1 Cash flow 2008-09 - actual
3.2 Cash flow 2009-10 - actual

Leslie Griffin reported that what was provided was three different years of cash flow analysis. Ms. Griffin reviewed with the committee the general fund cash flow for 2008/09. Superintendent/President Serban noted that 2008-09 is a good example of what "no state budget" can do to an institution that does not have reserves. This is the reason significant efforts have been made throughout the college to ensure that good reserves are in place. The 2009-10 cash flow sheet has the same format the only difference was that there were more and different deferrals of state payments. Superintendent/President Serban noted that this shows that out of the 12 months, we would have had a negative cash flow for 6 of those months if we didn't have the reserves in place. It was noted that in June 2010 the funding for Drama/Music was received from the state, however, that amount and probably more will be spent on Drama/Music and cannot be earmarked for other construction projects.

3.3 Cash flow 2010-11 – projection/scenario 1
3.4 Cash flow 2010-11 – projection/scenario 2

Superintendent/President Serban explained that projection 1 is what she believes is an accurate state projection. It assumes that the state budget will pass in September and payment will resume in October. Projection 2 is based on what Governor Schwarzenegger stated in a communication where he is willing to leave office without signing a budget because the reforms he is seeking are not materializing.
Leslie Griffin reviewed projection 1 with the committee. Deferrals are being projected in January through June and the other items are based on last year’s experience and they were modeled for changes that would occur. Superintendent/President Serban noted that in this scenario if we did not have the current reserves we would be in the red August and September and 6 months out of the 12 we would be in financial trouble. Projection 2 assumes that the state budget will not pass until January and it is hoped that this projection will not occur.

4. Considerations in Preparation of the 2010-11 SBCC Adopted Budget

Superintendent/President Serban reported that part of the reason everyone has worked hard for the reserves we have is to ensure that we serve our students and to the extent that we can afford to restore part of the reductions that were made to ensure our fiscal stability, can go back to the students that have been impacted the most, that is what we are currently reviewing. As you review the adopted budget, there are at least two areas where changes have occurred, one is the spring 2011 credit sections - these will not be reduced at the level that had been built into the tentative budget because we want to help more students obtain a degree or transfer. We want to ensure that they have the classes available to move forward in a timely fashion. The other area being reviewed is the reductions made in student services. We are at the point now where we believe because we have been fiscally prudent we can restore some partial funding for services like counseling and student service hours. One-on-one counseling for students is effective and it will be restored and being able to keep services available after 6:00 pm will help many of our students especially those who work.

Superintendent/President Serban acknowledged the excellent shape the college is in as a result of the hard work of all, from every single division. It was a true concerted effort by everyone at the college.

\[Signature\]
Dr. Andreea M. Serban
Superintendent/President