

# Ventura County Community College District

## Audit, Budget, Foundation Relations Subcommittee

### Notes

Friday, May 26, 2006

Meeting was called to order at 12:05 pm.

Trustees Heitmann and Miller were in attendance.

Staff: Dr. Meznek, Mr. Studt, Ms. Johnson, Ms. McNeil

#### I. May Revise – One-time Funding

Ms. Johnson updated the subcommittee members on the most recent action by the Assembly budget subcommittee, which proposed a 50% reduction in equalization to cover the proposed reduction in student fees from \$26 to \$20. Such an action would result in a loss of \$2 million to the District from that included in the Governor's May revise. Advocacy letters had already been sent, and Trustee Heitmann requested that the Chancellor contact the individual Board members and remind them to contact their legislative contacts to increase advocacy for this line item. Because of the difference between the two subcommittees, the issue of fees and equalization will go to conference committee.

Ms. Johnson reviewed the issue of one-time funding again for the subcommittee. The potential is for very significant funding in this area. Under the current proposals, the district could receive approximately \$4.5 million, all one-time dollars, some of which is restricted, and some which may not be. Also distributed was the 5-year scheduled maintenance plan recently submitted to the state. That plan indicates unmet scheduled maintenance needs of at least \$25 million.

Because the specifics regarding these allocations have not yet been released, because the dollars are one-time, and because of the significant opportunity to make a real impact to areas of infrastructure within the district, such as equipment and facilities, it is the recommendation of the Audit/Budget/Foundation Relations Subcommittee that these allocations not be included in the Tentative Budget, but instead that we take time to develop Board priorities and direction around such funding opportunities.

The subcommittee spent some time discussing possibilities to propose to the full Board, but felt that more time was needed to determine the extent of funding and restrictions and to consider all aspects of the priorities. It was recommended that this be targeted for discussion at the planning retreat later this summer. Additional subcommittee meetings will be scheduled to prepare alternatives for consideration.

#### II. Projected FY 07 Allocations

Ms. Johnson once again presented the revenue allocations based on the most current information from the state, as well as the distribution to the sites.

### III. History of District Revenue/Expenditure Patterns

To further understand the impact of the budget distributions above, the subcommittee reviewed the expenditure patterns per FTES for the past six years. Because the allocation model had been set aside for the past three years, and changes in FTES among the three colleges were not proportionate, the rate of increase in dollars per FTES among the colleges differed dramatically, perhaps achieving an undefined objective. The subcommittee requested that this report be provided to the full Board at the time of the adoption budget presentation, along with other analytical reports.

### IV. GASB 45

#### a. A Report from the System

Ms. Johnson distributed a system-wide survey taken by the State Chancellor's Office at the request of the legislature. That survey shows that 71 of the 72 districts have retiree benefits (either life-time or until a specific age). Although many districts have not yet completed an actuarial study, or have a study which is outdated, (some districts do not have to implement until FY10), the estimated unfunded liability for the system is \$3.1 billion. 54 districts reported they have set-aside a combined total of nearly \$500 million. Only 5 (including VCCCD) of the reporting 55 districts have liabilities of \$150 million or more. This is primarily due to the fact that many districts converted from life-time benefits to benefits until a specific age long before we did.

#### b. Refresh from our Actuarial

Ms. Johnson distributed a "refresh" of our actuarial study. A refresh uses the same demographic population as the last study, but updates changes in health benefit costs, interest based on funding levels, etc. The "refreshed" study indicates an increase in our accrued liability to the amount of \$167 million. A complete study must be performed during this upcoming year.

#### c. Impact to Categoricals

The subcommittee again discussed the impact to the categorical funds of their request for waiver of the retiree liability expense, and the alternatives available to support those student services.

### V. Foundations

#### a. Status of Master Agreement

Ms. Johnson provided an update regarding the Foundation Master agreement. She indicated that she expects a final draft this upcoming week. Trustee Heitmann requested that a subcommittee meeting be called to

include the three foundations to finalize this issue as the issue had been pending for so long.

## VI. Other

### a. Board Priorities for Allocation Model Development

A copy of the Board imperatives, as well as a draft of the Board Allocation Basic Principles (recommended by DCAS) was again distributed. The Basic Principles have not yet been sent to the Board, as it was the intention of the subcommittee to develop a proposal regarding possible Board priorities, and send the complete package to the Board at one time. Because of the significant challenge to consider parameters related to the FY07 one-time funding, this process may be delayed.

Meeting adjourned at 1:50.