The meeting was called to order by Doug Roberts (Co-Chair).

**Members present:** Jackie De Lap, Jeffrey Diamond, Joseph Fassler, Michael Henry, Hilleary Izard, Kate Jolley, Kat Lewis, Bud Metzger, Doug Roberts, Terry Shell

**Also present:** Linda Close, Ed Sorensen, Susan St. Clair

1. **Approval of Minutes**

After a discussion about including in the April 22, 2014, minutes the point brought up regarding the Classified Executive Council's concern about adding any management positions, as recommended by FRET, without classified support staff, it was moved by Terry Shell, seconded by Bud Metzger, and unanimously approved to accept the minutes as presented with the inclusion of the point regarding the concern about adding management positions without classified support staff.

2. **Budget Update**

Doug said that in January, the Governor announced $1.3 billion in proposed revenue increases for 2014-15. And in the Governor’s May Revise, there were several small adjustments to the budget he proposed in January, including $55.5 million reduction to deferral pay-downs for 2012-13, $490.4 million pay-down to deferrals in 2013-14, 157.5 million pay-down deferrals in 2014-15, $2.5 million to assist underperforming districts, $1.1 million for nine new positions at the State Chancellor’s Office, and $37.5 million for Prop 39 energy efficiency projects.

Doug said that although the pace of California’s economic recovery remains uncertain, the May Revision reflects higher-then-anticipated revenues and updated spending projections. Inherent in this projection is the assumption that the factors that lead to the projected increased revenues will continue.
The committee talked about enrollment trends, and Doug Roberts stated that the FTES goal for 2013-14 is 19,600, but currently the District is on track to earn 18,600 FTES during 2013-14. He continued by saying that reporting 18,600 FTES for 2013-14 would mean a loss of $5 million in budgeted revenues. By borrowing FTES from Summer 2014, the District has the option to avoid losing $5 million in revenue. The District will borrow 1,000 FTES from Summer 2014 and thereby be able to report 19,600 FTES for 2013-14. The result of borrowing 1,000 FTES from Summer 2014 is that the District will be on stability funding in 2014-15.

Doug Roberts said the question of reduced enrollments was brought up at a recent Northern California CBO meeting, and that the limited repeatability for courses, more employment opportunities, and more slots opened in the CSU system have contributed to a reduction in community college enrollments.

The committee discussed plans to target growth, including retention strategy. It was mentioned that approximately 25% of SRJC students cycle-out year to year. Also discussed was the declining high school populations, and reduction of new residents in some of the rural and rural-suburban regions in Northern California. But there are opportunities for growth in distance education that transcend location/geography.

3. Tentative Budget Update

Doug Roberts reviewed the 2014-15 Tentative Budget, stating that the District will start the year with $12.3 million in Fund Balance and will have a projected year-end Fund Balance of $8.7 million.

Doug continued by saying that a large portion (89.4%) of the unrestricted revenue is from general apportionment which totals $95 million. Other components of the unrestricted revenue include lottery funding, material/course/pass-through fees, non-resident tuition, other State revenues, and other local revenues, for a total unrestricted revenue of $106 million.

During a discussion about how the district can increase its revenues, Doug Roberts said that given the apportionment revenue is approximately 89.4% of all revenue sources, and given the apportionment formula: base revenue + COLA +/- growth/decline + stability funding – deficit funding = total general apportionment, then COLA and growth are the primary ways in which the district’s revenues are increased—and both of these ways are controlled by the State.

Doug reported that non-resident tuition is up 1% this year. He said that Diablo Valley College wants to cap its international enrollment and it uses the same Asian outreach agency as SRJC, so there may be some international enrollments shifting to SRJC. He explained that Diablo Valley College has a pipeline to UC Berkeley. SRJC has a pipeline to UC Berkeley and to Stanford University.

Doug Roberts reviewed the components of unrestricted expenditures which include salaries/benefits, utilities, supplies, services, insurance/legal, other expenses and transfers. Doug added that salaries and benefits comprise 85.2% of total unrestricted expenses.
Doug Roberts continued by saying the District’s expenditures will exceed its revenue by $3.5 million, and this does not include any negotiation settlements, STRS increase, etc. This is an ongoing structural imbalance. The District continues to work on improving its fiscal health, but it will take time to effect change and see results. In the meantime, the District should maintain a close watch on expenditures.

Prior to adjourning the meeting, there was a brief discussion about changing the meeting time for this committee. With all the committee meetings that administrators must attend, additional available time slots on a regular basis are very scarce.

The meeting adjourned at 11:41 a.m.