



BUDGET COMMITTEE

Special Meeting Minutes
4/24/2014, 2 pm, PDC 104

Attendance

Members Present – Tim Oliver, Mike Strong, Bryan Reece (for Cheryl Marshall), Ed Millican, Scott Rippy (for Denise Allen-Hoyt), Algie Au, Walt Chatfield, Girija Raghavan, Omar Castro, Yendis Battle, Andrew Chang (for Glen Kuck), Deanna Trussell (for Matthew Isaac), Jose Torres, James Dulgeroff, Rosemarie Hansen

Members Absent – Scott Stark, Kathy Crow, Karen Peterson, Patrick Kirk Dorsey, Steve Sutorus, Jack Miyamoto, Rhonda Prater

Guests Present – Greg Allred, Gloria Fisher

Welcome/Introductions

Tim Oliver opened the meeting. Self-introductions were made.

Approval of Meeting Minutes from April 10, 2014

Bryan Reece made a motion, which Rosemarie Hansen seconded, to approve the minutes. The minutes from April 10, 2014 were unanimously approved.

Communication of Resource Allocation Guidelines - Task Force Update

Ed Millican, Walter Chatfield and Jose Torres reviewed for the committee their work on developing a proposed policy statement for the Resource Allocation Model (RAM). Ed advised that since the District allocation method was changing from the historical 70/30 ratio to a percentage based on the previous fiscal year's FTES, there should be an explicit communication to the District of that shift in strategy. The committee discussed the statement and the following modifications were suggested.

RESOURCE ALLOCATION MODEL GUIDELINES

Fiscal Years 2014-2015 & 2015-2016

Adopted by the District Budget Committee: (4/24/2014)

Revenues shall be divided between the two colleges of the District, San Bernardino Valley College and Crafton Hills College, in accordance with the following principles.

- (1) The SB361 State Base Allocation revenue for each college shall be passed directly on to the college concerned.
- (2) The District's State Credit/Noncredit FTES Allocation revenue shall be divided between the two colleges in accordance with the relative FTES numbers achieved by the colleges in the latest

available State Chancellor's Principal Apportionment report, i.e. Period 1 (P1), Period 2 (P2), Recalculation, or Advance Apportionment.

- (3) Other eligible revenues received by the District shall be divided between the two colleges in accordance with the relative FTES numbers achieved by the colleges as in item (2) above.
- (4) Site-specific revenues will remain with the college concerned.
- (5) District growth levels/targets may be recommended by District Budget Committee and approved/modified by the Chancellor's Cabinet.
- (6) Districtwide assessments shall be divided between the two colleges in accordance with the relative FTES numbers achieved by the colleges as in item (2) above.

These guidelines accord best with the desired objectives of transparency, fairness, and ease of understanding; and have the flexibility to adjust to changing circumstances, without the need for extensive debate and readjustment every fiscal year.

Bryan moved to approve the guidelines and Scott Rippey seconded the motion. The committee approved the guidelines as revised and asked that an updated version be circulated to committee members prior to submitting the recommendation to the Chancellor.

Recommendations for FY 2015 RAM Assumptions

Jose Torres reviewed with committee members a preliminary version of the FY 2015 RAM. The committee discussed different elements of the model which had been previously identified, i.e. Growth, COLA, Revenue Shortfall, etc. Tim pointed out that the College Brain Trust recommendations were being incorporated into the process, for example, the reduction of EDCT support by 20%. Scott voiced concern that the support of KVCR has gone on too long. Tim replied that, in his role as a KVCR Foundation member, he feels that the station is under the best management in years, and that the Chancellor and Station Manager Alfredo Cruz are working very hard to turn that corner. Scott made a motion, Bryan seconded the motion, and the committee unanimously approved the following assumptions as discussed:

- ▶ FTES Funding
 - ◆ COLA — 0.86%
 - ◆ FTES Funded Growth — Pending
 - ◆ Revenue Shortfall — 0.50%
 - ◆ FTES Target Growth & Unfunded FTES — Pending
- ▶ Other Revenue — Eligible Revenue will be allocated based on the latest allocation percent; will be updated as information becomes available
- ▶ Assessments
 - ◆ District Allocation — Forecast - will be updated as information becomes available
 - ◆ Property & Liability — Same as last year - \$600,000
 - ◆ KVCR — District will subsidize; no assessment to Colleges
 - ◆ EDCT — 80% from 2013-2014 Final Budget
- ▶ Site Budget Assumptions
 - ◆ Step in Column Increases — 3% for Step in Column Increases
 - ◆ Benefits — 11% for benefit increases which include Affordable Care Act

- ◆ Inflation for Object Codes 4000's-6000's — Match COLA 0.86%

The following fund management topic was presented to the Committee as an information item and was included in the budget guideline recommendations to the Chancellor as it affects the Resource Allocation Model in future years beginning FY 2014-15:

- ▶ GASB 43&45 Retiree Health Benefits during Fiscal Year 2013-2014 — Payment of the Post-Retirement Health Benefits related to GASB 43 & 45 from the colleges' Unrestricted Reserves for its current and retired District employees; San Bernardino Valley College will contribute \$5,177,613 and Crafton Hills College will contribute \$2,304,487.

Budget Board Items

Tim recommended that the committee consider moving its standing meeting date to two weeks prior to the board meetings to allow for review of board items before the board day. He passed around the following May 10, 2014 board items:

- ◆ Consideration of Approval to Pay Off Post-Retirement Health Benefits for Current and Retired Employees Related to GASB 43 & 45
- ◆ CCFS-320 Apportionment Attendance Report for FY 2014 Period 2

Ed asked about the GASB payments coming from the colleges' unrestricted reserves. Tim replied that there's one unrestricted reserve fund – Fund 01, but within the District system, there are funds earmarked by site. It was a Chancellor's Cabinet decision to have the colleges pay their own costs. Gloria Fisher asked Jose to explain how the colleges will have a greater fund balance than originally assumed. Jose reported that conservative projections for the colleges' ending balances were very positive.

Adjournment

The meeting was adjourned. The next meeting of the Budget Committee is May 10, 2014. It is the last scheduled meeting of the Fiscal Year.