
Meeting Agenda

October 16, 2014, 2:00 p.m., PDC 104

- I. Welcome & Introductions
- II. Approve September 18, 2014 Meeting Minutes
- III. Budget Calendar
 - Vote to Accept Budget Calendar for 2015-16 (for November 13 Board Meeting)
 - Budget Development Schedule
- IV. 15% District Reserve/Fund Balance Presentation (Jose Torres)
 - Vote on Whether a Subcommittee is Necessary to Further Discuss District Reserve
- V. Vote on District Budget Committee Recommendation Letter #FY2015-01 on Compensation Modification Scenarios
- VI. Adjournment & Next Meeting

The next meeting of the Budget Committee has been scheduled for November 20, 2014 at 2:00 p.m. in PDC 104.



BUDGET COMMITTEE

Meeting Minutes
9/18/2014, 2 pm, PDC 104

Attendance

Members Present – Denise Hoyt, James Dulgeroff, Ed Millican, Walt Chatfield, Girija Raghavan, Tracy Morrison, Rhonda Prater, Matthew Isaac, Rose Hansen, Bryan Reece (for Cheryl Marshall), Jack Miyamoto, Jose Torres, Tim Oliver, Ruby Zuniga, Yendis Battle, Scott Stark, Glenn Kuck, Mike Strong

Members Absent – Vanessa Osorio, Steve Sutorus

Guests Present – Larry Strong, Haragewen Kinde, Greg Allred

Welcome/Introductions

Tim Oliver opened the meeting and self-introductions were made.

Approval of Meeting Minutes from May 8, 2014

Ed Millican moved, and Matthew Isaac seconded, to approve the minutes of the May 8, 2014. The committee unanimously approved the motion.

Budget Committee Self-Evaluation from 2013-14

Committee members reviewed the evaluation results from 2013-14. Tim asked the committee to comment on or make suggestions for improvement to, the committee's efficiency, which rated one "seldom". There were no suggestions for improvement.

The committee discussed information flow from the constituency groups and to the constituency groups, which received four ratings of "fair" and three ratings of "fair", respectively. Ed said that committee members should report out to the other committees to which they belong.

Review of Budget Committee Charge

The committee took a minute to read its charge. Tim asked if anyone thought the charge should be modified. James Dulgeroff voiced his desire to raise an immediate concern on behalf of faculty union members about the District's 15% reserve. Tim advised that this reserve is a board directive and that the Budget Committee is able to review any board directive and make suggestions to the Chancellor.

Committee members discussed the topic of District reserves. Tim clarified that reserves can only be spent on one-time items and not ongoing items like salaries, benefits, etc. He advised that the reserve was used last fiscal year to pay off the District's GASB obligation and fund a one-time student success measure. The fund reserve is estimated to drop from 22.62% at the end of fiscal year 2014 to a projected 20.8% at the end of fiscal year 2015.

Jose Torres clarified that a 15% reserve could sustain the district for approximately two and one-half months. This would aid in avoiding the necessity to borrow funds if there should be major deferrals in state funding. In 2012-13 deferrals were \$15 million. Jose advised that borrowing \$15 million could result in an estimated cost to the District of \$65,000 per month in interest.

James made a motion to develop a task force to examine the reserve and develop a statement about it. Ed seconded the motion and more discussion followed. Tim questioned if it is necessary to form a task force or would it be better for the entire committee to participate. Bryan Reece said he would like to know if the reserve money is accessible to the campuses. Scott Stark mentioned that there is a lot of mystery surrounding the fund balance, i.e. where does district fund balance come from? Tim suggested that Jose develop a presentation to walk the committee through the reserves concept and then, if need be, have the committee address whether or not to form a task force.

Ed motioned that the idea of a task force be tabled until after a presentation could be made, preferably at the next meeting. James agreed and it was decided that Jose would make a presentation that states the facts about the fund balance (reserves) at the October 16, 2014 meeting. Committee members were asked to forward questions to jtorres@sbccd.cc.ca.us so that he could tailor the presentation to their concerns.

Tim cautioned that the Budget Committee is not at liberty to discuss negotiated salaries or other labor negotiations as indicated in #2 of its charge. The committee voiced its concern that projections could not be properly made without at least considering estimated numbers. Tim asked Human Resources consultant Jack Miyamoto to share his expertise and experience with the committee on this topic. Jack advised that there should be no recommendation that comes out of the committee on the any percentage increase in salaries. He said it's fair to talk about impacts and how much money is going to be spent on salaries, however, specific statements such as, classified staff needs more money, are inappropriate. The committee would like to have various salary increases included in budget projections. Tim advised that he will draft a specific recommendation letter and present it at the next meeting.

2014-15 Budget Update

Committee members received a copy of the Final Budget – Fiscal Year 2014-15 document, and Jose made a presentation. Ed commented on the fact that the SBVC budget went down while the District's expenses increased. Ed warned Jose that he planned to make a motion at the October meeting that a presentation be made in November that explains this.

2015-16 Budget Calendar

In the interest of of time, it was decided that the 2015-16 Budget Calendar would be forwarded to committee members via email for review and discussed at the October 16 meeting.

Adjournment

The meeting was adjourned. The next meeting of the Budget Committee is October 16, 2014 at 2:00 p.m. in PDC 104.

Fiscal Year 2015-16 Budget Calendar

<u>TENTATIVE DATE</u>	<u>ITEM</u>	<u>RESPONSIBLE</u>
November 2014	Budget calendar to Board of Trustees for adoption. Reaffirmation of budget directives from Board of Trustees. <i>(AP 6200: Each January the Board will adopt a budget development calendar that identifies activities and sets dates for each step in the budget development process.)</i>	Director of Fiscal Services Vice Chancellor, Fiscal Services Board of Trustees
January 2015	Recommendations for projected funds and tentative distribution to campuses are developed by District Budget Committee for Chancellor's Cabinet. <i>(AP 6200: Each February the Board will give direction for budget development to include: 1. Reaffirmation or change in mission; 2. Resource allocation (set level of Reserve for Contingency, Workers' Compensation Reserve, any special project reserve, etc.); 3. Determination of the amount of resources estimated to be available for General Fund expenditure with potential increases or decreases during the budget preparation period; 4. Preliminary establishment of base budget for the District and each site.)</i>	Director of Fiscal Services Vice Chancellor, Fiscal Services District Budget Committee
February 2015	Projected funds for fiscal year and tentative distribution to campuses determined at Chancellor's Cabinet. <i>(AP 6200: Prior to March 1 information will be provided to Responsibility Center Managers that will include the status of current expenditures, state and county estimates of revenues, site "base budget" allocations, and targets for increases or decreases.)</i>	Vice Chancellor, Fiscal Services Chancellor's Cabinet
February 24, 2015	Prior and current year line budgets, instruction packet, and due dates are forwarded to Campus Presidents and Chancellor for distribution to responsibility centers.	Fiscal Services
February 25, 2015- March 26, 2015	Campus budget processes determine priorities and reallocation of funds; responsibility center managers prepare budget forms for submittal to District.	College Presidents College VPs, Business Services Responsibility Managers
March 27, 2015	Development Budget reports to establish Preliminary Budget due at District.	College Presidents
April 2015	District Budget Committee reviews Preliminary Budget and develops recommended adjustments, if any, for Chancellor's Cabinet.	Director of Fiscal Services Vice Chancellor, Fiscal Services District Budget Committee
April 2015	Chancellor's Cabinet is updated on status of Preliminary Budget. Reviews recommended adjustments as necessary.	Vice Chancellor, Fiscal Services Chancellor's Cabinet
May 2015	Board is updated on status of budget process and receives Preliminary Budget (no formal action required). <i>(AP 6200: Preliminary Budget – a. No later than the May Board meeting the Chief Business Officer will present the Preliminary Budget to the Board. No formal action is required by the Board on the Preliminary Budget. b. Between the time that the Preliminary Budget is developed and the Final Budget is adopted, changes to the budget will be made as additional information is received from the state based on the state budget adoption process.)</i>	Director of Fiscal Services Vice Chancellor, Fiscal Services Board of Trustees
June 2015	Tentative Budget is presented to the District Budget Committee and the Board of Trustees. <i>(AP 6200: Tentative Budget – No later than July 1 the Board will adopt a Tentative Budget. This budget will reflect changes made to the Preliminary Budget.)</i>	Director of Fiscal Services District Vice Chancellor, Fiscal Services Budget Committee Board of Trustees

<u>TENTATIVE DATE</u>	<u>ITEM</u>	<u>RESPONSIBLE</u>
July 2015	Draft of Final Budget discussed at District Budget Committee meeting. Final recommendations, if any, are made from District Budget Committee to Chancellor's Cabinet. <i>(AP 6200: Final Budget – Prior to the state-prescribed date, the Board will adopt a final budget for the District that reflects changes made to the Tentative Budget and provides the operational budget base for the District for the fiscal year of adoption.)</i>	District Budget Committee Director of Fiscal Services Vice Chancellor, Fiscal Services
August 5, 2015	Review of Tentative Budget and development of Final Budget. Changes made based on internal discussion, Budget Committee recommendations, and changes in State financial picture.	Vice Chancellor, Fiscal Services Chancellor's Cabinet
August 19, 2015	Draft of Final Budget discussed at Chancellor's Cabinet.	Vice Chancellor, Fiscal Services Chancellor's Cabinet
September 10, 2015	Public Hearing and adoption of FY 2015-15 Final Budget by Board of Trustees. <i>(Budget and Accounting Manual (BAM): Public Hearing and Final Budget Adoption must be completed on or before September 15)</i>	Director of Fiscal Services Vice Chancellor, Fiscal Services Board of Trustees

Budget Development Schedule – Fiscal Year 2015-16 (Working Document)

October
<ul style="list-style-type: none"> • Budget/Forecasting Software Solution RFP issued
November
<ul style="list-style-type: none"> • Campus Position Control Budget process begins • Budget/Forecasting Software Solution selected
<ul style="list-style-type: none"> • Budget calendar to Board of Trustees for adoption. Reaffirmation of budget directives from Board of Trustees
December
<ul style="list-style-type: none"> • Campus Position Control Budget process continues • Budget/Forecasting Software Solution implementation begins
January
<ul style="list-style-type: none"> • Campus Position Control Budget process continues • Budget/Forecasting Software Solution implementation continues
<ul style="list-style-type: none"> • Recommendations for projected funds and tentative distribution to campuses are developed by District Budget Committee for Chancellor’s Cabinet.
February
<ul style="list-style-type: none"> • Campus Position Control Budget process finishes • Budget/Forecasting Software Solution Training • Budget/Forecasting Software Solution implementation finishes
<ul style="list-style-type: none"> • Projected funds for fiscal year and tentative distribution to campuses determined at Chancellor’s Cabinet. • Feb 24: Prior and current year line budgets, instruction packet, and due dates are forwarded to Campus Presidents and Chancellor for distribution to responsibility centers.
March
<ul style="list-style-type: none"> • Feb 25-Mar 26: Campus budget processes determine priorities and reallocation of funds; responsibility center managers prepare budget forms for submittal to District. • Mar 27: Development Budget reports to establish Preliminary Budget due at District.

Budget Development Schedule – Fiscal Year 2015-16 (Working Document)

April
<ul style="list-style-type: none">• District Budget Committee reviews Preliminary Budget and develops recommended adjustments, if any, for Chancellor’s Cabinet.• Chancellor’s Cabinet is updated on status of Preliminary Budget. Reviews recommended adjustments as necessary.
May
<ul style="list-style-type: none">• Board is updated on status of budget process and receives Preliminary Budget (no formal action required).
June
<ul style="list-style-type: none">• Tentative Budget is presented to the District Budget Committee and the Board of Trustees.
July
<ul style="list-style-type: none">• Draft of Final Budget discussed at District Budget Committee meeting. Final recommendations, if any, are made from District Budget Committee to Chancellor’s Cabinet.
August
<ul style="list-style-type: none">• Aug 5: Review of Tentative Budget and development of Final Budget. Changes made based on internal discussion, Budget Committee recommendations, and changes in State financial picture.• Aug 19: Draft of Final Budget discussed at Chancellor’s Cabinet.
September
<ul style="list-style-type: none">• Public Hearing and adoption of FY 2015-15 Final Budget by Board of Trustees.

Fund Balance Presentation – Committee Member Questions

October 16, 2014

1. Why 15%? We need a statement (perhaps we develop one) that indicates we are spending as much money as possible on students AND acting with fiscal responsibility.
2. How do the colleges access their own reserves? If their reserves are part of the 15%, what happens? Does this mean their money is not accessible?
3. What are the criteria for using the reserve?
4. What are we missing? What would we fund with the reserve?
5. Should we be calculating and communicating the amount of the reserve more often?
6. How can we expect to get extra funding for being a district in need if we have a large reserve?
7. I would like to know what monies end up in the reserve. How does money get there?
8. Is it originally general fund or other that is left over, and if so how do we manage to have left over monies?
9. Which funds make up the reserves? College savings? Capital Improvement? Bond funds? RDA? Other?
10. What is the percentage of each of those funds?
11. How much is cash on hand? How much is in receivables?
12. How will the colleges be involved in setting policy for withdrawing their savings?
13. Does any spending of reserves require Board approval?
14. What are some examples over the past few years of how reserves were spent?
15. Acknowledging that recent state legislation regarding school district fund reserves does not presently affect community colleges, what does this legislation provide, and what would it mean to the SBCCD if these legislative provisions were extended to community college districts?
16. What is the practice of other CCDs with regard to fund reserves? How many other districts have a 15% or higher reserve policy?



To: Bruce Baron, Chancellor

Date: 10/16/2014

From: Tim Oliver, District Budget Committee Chairperson

Re: District Budget Committee Recommendation #FY2015-01
Compensation Modification Scenarios

At its **October 16, 2014** meeting, the District Budget Committee (DBC) approved the following recommendation to Chancellor's Cabinet.

In accordance with the DBC charge as outlined in Administrative Procedure 2225: "Union issues which are conducted as a part of labor negotiations are not a part of [the Budget] Committee's responsibility."

It is being recommended, however, that Fiscal Services be authorized to include various "what-if" assumptions regarding the impact of modifications to employee compensation (i.e. salaries, benefits, taxes, retirement costs, etc.), within illustrative financial forecasts such as the Resource Allocation Model. This will better enable committee members to participate in the financial planning and recommendation processes.

/kg

Chancellor Cabinet Response:

Not Yet Approved

Chancellor

Date