



# BUDGET COMMITTEE

Meeting Minutes  
1/15/2015, 2:30 pm, PDC 104

## Attendance

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**Members Present** – Cheryl Marshall, Denise Allen-Hoyt (left at 2:55 pm), Mike Strong, Rosemarie Hansen-Barnes, Matthew Isaac, Larry Strong, Girija Raghavan, Yendis Battle, Rhonda Prater, Walt Chatfield, Jose Torres, Gloria Fisher, Scott Stark

**Members Absent** – Stacy Meyer, Ruby Zuniga, Vanessa Osorio, Glen Kuck, James Dulgeroff, Jack Miyamoto, Steve Sutorus

**Guests Present** – Bryan Reece (left at 2:55 pm), Greg Allred

## Welcome/Introductions

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Jose called the meeting to order. No self-introductions were necessary. Greg Allred and Bryan Reece identified themselves as guests; Jose asked them not to vote. Bryan and Denise Allen-Hoyt left the meeting at 2:55 pm.

## Approval of Meeting Minutes

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Matthew Isaac made a motion, which Denise seconded, to approve the minutes of the December 18, 2014 meeting. The motion was unanimously approved.

## DBC Recommendation 2015-03

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Jose projected DBC Recommendation 2015-03 onto the screen and read the revised text. He advised that the recommendation had been approved by Chancellor's Cabinet with the addition of the sentence, "The Board of Trustees may take action to utilize the fund balance for other purposes as it deems necessary and appropriate for the benefit of the District." A request to revise the 2015-16 Budget Directives will be submitted at the February 19 meeting of the Board of Directors.

## 2015-16 State Budget Update

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Jose, Mike Strong, Scott Stark and Larry Strong reported that they had all attended the ACCCA/ACBO Budget Workshop on January 14, 2015. The committee listened to Jose's presentation (attached to these minutes), and discussed the 2015-16 governor's budget.

## DBC Recommendations for 2015-16 Projected Funds

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The committee reviewed projections for the general and categorical funds. Scott made a motion, which Mike seconded, to approve a DBC Recommendation regarding the following assumptions about projected funds for 2015-16.

### General Fund

- o Funded Growth – 2%
- o COLA – 1.58%
- o Base Allocation (base rate) – use 2014-15 figures for budget development purposes
- o FTES Allocation – TBD
- o Deferrals – plan for no deferrals

### Categorical

- o Additional \$100 million for student success and support program
- o Additional \$100 million for student equity plans
- o Proposition 39 -Year 3 – \$326,974 (per Prop 39 memo)
- o Mandated Claims /Block Grant – use 2014-15 amounts for budget development purposes

Based on the most recent information available from the State the committee unanimously approved the motion. Gloria Fisher commented that it is important to let people in the District know that a COLA increase does not necessarily translate into an increase in employee earnings. Jose advised he would follow up on this.

## 2015/16 Budget Development Tasks

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Jose updated the committee on its budget development tasks. The District is moving forward with implementation of Questica. He advised that there is a lot of work and setup to be done. The following timeline was forwarded to DBC members via email prior to the January 15 meeting.

- o Freeze on Position Control (January 22, end of day)
- o Position Control Training from HR to Fiscal (in EPICS) (between January 22 and February 6)
- o Open Position Control (February 6)
- o Communication of New Process to Campus (week of February 9)
- o Train the Trainer for Administrative Staff (week of February 9)
- o Training for End Users (by district staff) (week of February 16th)

## Adjournment & Next Meeting

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The meeting was adjourned at approximately 3:20 pm. The next meeting of the Budget Committee is scheduled for February 19, 2015 2:00 p.m. in PDC 104.

The Governor has released his proposed budget and it looks like great news for us; however, we also know that STRS and PERS contributions will increase for our district and that we continue to have significant staffing needs. Therefore, we should be thoughtful when implementing these assumptions within our budget forecasting. Below is a summary of the Governor's proposal with our analysis (in red) and what it means for our District.

A common message throughout the January ACBO Workshop on the Governor's 2015-16 budget was that this is by far the best budget proposal anyone has seen in many years. However, we need to be extremely careful how we spend our funding this year (try to avoid long-term commitments) because it is hard to predict what the next few years will bring.

The other message was that the new growth formula outcome will depend on the political pressure that the State Chancellor receives over the next several months. Therefore, it important we work actively with our new lobbying consultant, McCallum Group, Inc., to ensure that our needs are heard.

1. \$106.9 million for 2% **growth**: the budget does not propose to change or delay the implementation of the new growth formula.
  - a. We don't see any changes from what we anticipated. It is still anticipated that this amount will be distributed to Districts based on the new growth formula. Our number has not changed (3.77% constrained rate)
  - b. Based on the budget workshop, there are 3 options moving forward
    - i. Delay the implementation of the new growth formula for a year
    - ii. Develop a new growth formula quickly
    - iii. Implement the new formula as is
2. \$92.4 million for 1.58% **COLA**: this is the statutory COLA
  - a. This means an increase of \$73.88 per FTES or a new rate of \$4,749.78 per FTES (current year rate is \$4,675.90)
    - i. This equates to an additional \$1 M in funding for us based on 14,062.99 Funded FTES
  - b. This also means that our base allocation will increase by approximately \$116 thousand
3. \$125 million to increase **base allocation** funding: these funds are in recognition of increased community college operating expenses in the areas of facilities, retirement benefits, professional development, converting part-time to full-time faculty, and other general expenses.
  - a. We still don't know the positive financial impact as most likely the State Chancellor will increase the base allocation rates for all Districts. (Current rates are as follows: \$3,969,431 for medium size college & \$3,402,370 for small size college)
  - b. The rates will change but the State Chancellor's office does not know the new amounts. State Chancellor's office will work in the next few months to develop an appropriate allocation to all Districts.

4. \$100 million for **Student Success and Support Program**
  - a. ~~SSSP has been cut in this proposal by almost half from the current year. Based on this assumption, our SSSP funding will be \$1.1 M instead of the \$2.2 M we received this year~~
  - b. For SSSP and Student Equity there is an increase of \$200 Million in funding instead of a total of \$200 Million. In total, SSSP and Student Equity has a grand total of \$471 Million. Match is still at 2:1 and there are talks about the possibility to have a 6 month extension to spend the funds.
  
5. \$100 million for **Student Equity Plans**
  - a. ~~Student Equity was increased in this proposal by 43%. Based on this assumption, our Student Equity funding will increase to \$1.3 M (current year funding is \$889 thousand)~~
  - b. For SSSP and Student Equity there is an increase of \$200 Million in funding instead of a total of \$200 Million. In total, SSSP and Student Equity has a grand total of \$471 Million. Match is still at 2:1 and there are talks about the possibility to have a 6 month extension to spend the funds.
  
6. \$49 million for CDCP equalization: the administration continues to indicate that they are committed to fully equalizing **CDCD non-credit courses**.
  - a. We do not have non-credit courses; therefore, no financial impact to our District
  
7. \$29.1 million for **Apprenticeship**: this includes \$14.1 million to grow existing apprenticeship programs and \$15 million to create innovative apprenticeship demonstration projects that focus on new and emerging industries with unmet labor market demand.
  - a. We do not have an Apprenticeship program; therefore, no financial impact to our District.
  - b. However, this might provide possible funding if we wanted to implement a new Apprenticeship program
  
8. \$39.6 million for **Proposition 39** projects: these funds will be allocated consistent with the provisions of Proposition 39.
  - a. Same as current year
  - b. Based on the State Chancellor's issued Prop 39 Memo, our allocation amount will be \$326,974 for next fiscal year
  
9. \$94.5 million to retire deferrals: part of the budget act last year called for any additional funding above last year's budget estimates to go to first buy-down the remaining **deferrals**.
  - a. This is no different from what we had anticipated. We expect no deferrals for next fiscal year.

10. \$353 million to pay down **outstanding mandate claims**; these will be allocated to districts based on an FTES basis and would retire outstanding mandate claims to the extent that districts have those obligations outstanding.
  - a. We are still evaluating the financial impact of this possible funding. Based on State Chancellor's calculations, the funding rate per FTES is \$308
  - b. Based on this assumption, we could see Block Grant funding up to \$4.3 million (Current year is \$1.9 million)
  - c. However, keep in mind that some of this funding could be used for mandated claims.
  - d. State Chancellor's office will work in the next few months to develop an appropriate allocation to all Districts.
  
11. Adult Education: The Governor proposes a \$500M Adult Education Block Grant to fund courses in elementary and secondary basic skills, citizenship, ESL, programs for adults with disabilities, short-term CTE programs, and programs for apprentices.
  - a. Based on comments from the McCallum Group, the first \$300 to \$350 million are already set aside to be allocated to K-12 districts
  
12. Facilities Funding Relief
  - a. Chancellor Harris recognizes that budget increases means an increase of number of students we server and also an increase of future facilities needs
  - b. DOF understand that this is an issue
  - c. Bonds are short term solutions and don't address deferred maintenance
  - d. 3 proposals in budget
    - i. Increase CAPs limits for local bonds (current limit is \$25 per \$100K)
    - ii. Structure Development fees
    - iii. Combine multiple years (allow carry overs)
  - e. Chancellor's office support the issue of a Bond