

## Revised Meeting Agenda

January 15, 2015, 2:30 p.m., PDC 104

- I. Welcome & Introductions
- II. Approve December 18, 2014 Meeting Minutes
- III. Recommendation 2015-03 – Chancellor’s Cabinet Response & Revised Directive Board Item
- IV. 2015-16 State Budget Update (revised to include information from 1/14/15 workshop)
- V. January Task – Recommendations for 2015-16 Budget Projected Funds

### 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

- VI. 2015-16 Budget Development Tasks for January – March

January
<ul style="list-style-type: none"> <li>• Campus Position Control Budget process continues</li> <li>• Budget/Forecasting Software Solution implementation continues</li> <li>• Recommendations for projected funds and tentative distribution to campuses are developed by District Budget Committee for Chancellor’s Cabinet.</li> </ul>
February
<ul style="list-style-type: none"> <li>• Campus Position Control Budget process finishes</li> <li>• Budget/Forecasting Software Solution Training</li> <li>• Budget/Forecasting Software Solution implementation finishes</li> <li>• Projected funds for fiscal year and tentative distribution to campuses determined at Chancellor’s Cabinet.</li> <li>• 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.</li> </ul>
March
<ul style="list-style-type: none"> <li>• Feb 25-Mar 26: Campus budget processes determine priorities and reallocation of funds; responsibility center managers prepare budget forms for submittal to District.</li> <li>• Mar 27: Development Budget reports to establish Preliminary Budget due at District.</li> </ul>

- VII. Adjournment & Next Meeting

The next meeting is scheduled for February 19 at 2:00 p.m. in PDC 104.





# BUDGET COMMITTEE

Meeting Minutes  
12/18/2014, 2 pm, PDC 104

## Attendance

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**Members Present** – Walt Chatfield, Gloria Fisher, Rosemarie Hansen, Yendis Battle, Jose Torres, Cheryl Marshall, Mike Strong, Bryan Reece, Tim Oliver, Matthew Isaac, Jeremy Sims (for Glen Kuck)

**Members Absent** – Vanessa Osorio, Ruby Zuniga, Girija Raghavan, Scott Stark, Denise Allen-Hoyt, Stacy Meyer, Steve Sutorus, James Dulgeroff, Jack Miyamoto, Rhonda Prater

**Guests Present** – Larry Strong, Greg Allred, Ed Millican, Bryan Reece

## Welcome/Introductions

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Tim opened the meeting. Self-introductions were made. Gloria Fisher advised that she was going to resume the role of DBC management appointee for SBVC since Ed Millican was returning to the faculty. Tim asked guests not to vote.

## Approval of Meeting Minutes

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Rosemarie Hansen made a motion, which Matthew Isaac seconded, to approve the meeting minutes from November 20, 2014. The minutes were unanimously approved.

## Report on Subcommittee Work on 15 % Reserve Fund

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Larry Strong reported the subcommittee's findings and the draft Recommendation 2015-03 was read. Tim encouraged the committee to expand on its rationale for the recommendation. The reasons identified were: SB 860 growth formula requirement of 1% unfunded FTES per year over the next three years, GFOA best practice recommendation of 10% fund reserve for community colleges, implementation of the upcoming enrollment management plan, pursuit of district strategic planning initiatives, and unmet needs on the campuses. It was decided that Jose would redraft the supporting portion of the recommendation. Committee members approved the board directive changes with some minor adjustments to the wording. Jose promised to forward a copy of the recommendation to the DBC.

## 2015-16 Budget Development Tasks for October-December

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Jose advised the committee that there had been a kick off meeting with Questica. The vendor is developing a timeline which will be forwarded to the committee when available.

Both campuses have been working on position control. This function will be shifted from Human Resources to Fiscal Services in the near future.

## District Budget Expenditures

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Jose made a presentation to the committee on District expenditures. He promised to send the spreadsheet to committee members. Tim highlighted that District office expenses should be considered separate from districtwide initiatives. Ed urged committee members to pass all of this information onto their constituent groups.

## Review of College Brain Trust Recommendation Document

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As there was insufficient time to discuss this document at the November meeting, Tim asked that committee members review it independently.

## Adjournment & Next Meeting

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The meeting was adjourned. The next meeting of the Budget Committee is scheduled for January 15, 2015 2:00 p.m. in PDC 104.

Not Yet Approved

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