

# Budget Committee

## *Meeting Minutes*

August 18, 2016, 2:00 pm, PDC 104



### Attendance

**Members Present** – Diana Rodriguez, Rosemarie Hansen, Scott Stark, Denise Allen-Hoyt, Celia Huston, Yendis Battle, Girija Raghavan, Mike Strong (2:33), Larry Strong, Richard Galope, Jose Torres, Wei Zhou, Jim Holbrook, Karl Sparks (2:24)

**Members Absent** – Sheri Lillard, Rhonda Prater, Steve Sutorus, Jeremy Sims, Achala Chatterjee

**Guests Present** – Tenille Alexander

### Welcome & Introductions

The meeting started at 2:02 p.m. Self-introductions were made for the benefit of new members Jim Holbrook and Wei Zhou.

### Approval of Minutes

The minutes of the July 21, 2016 meeting were approved by a majority vote of the members present.

### 2016-17 Final Budget Recommendation

Jose Torres addressed the DBC about the 2016-17 final budget packet. He mentioned that the Board of Trustees had initiated its own standing Budget Committee which met for the first time on August 16 and had reviewed the same material being presented today. He also mentioned that there will be a BOT Study Session on the budget on August 25. The committee then reviewed the final budget packet in depth. Comments/discussion included the following.

- Page 1 summarizes the budget. Jose spoke about the reduction of the fund balance to expenditures from 15% to 12%, as depicted on line 30. The 13.95% is just more than enough to cover expenses for one month if the state were to institute a deferral of payments. Scott Stark mentioned that the amount of the fund balance is just over SBVC's fund balance, which allows that campus to use its fund balance reserve if it determines to do so. Jose reviewed fund balance projections for the next four years – 14.20% in 2017-18, 14.50% in 2018-19, 15.00% in 2019-20, and 15.69% in 2020-21. He cautioned that the further out the prediction, the greater the margin for error.
- On page 2 the DBC reviewed the Resource Allocation Model which is also known as the Multi-Year Forecast. This model is broken down into sections A-F.
- Section A depicts the majority of revenue based on apportionment. Line 1 is the base allocation, which is what each college receives based on size. Line 3 reflects FTES enrollment goals which the DBC has already discussed. SBVC striving for 10,714 and CHC for 5,029. Line 4 is the rate the state is paying for FTES; this rate has increased to \$5,004.25. Line 11 reflects a shortfall anticipating that the state will take money away because they simply don't have enough to pay what SBCCD has earned.

*Kelly Goodrich, Recorder*

- Section B is for reconciliations. There are none at this time.
- Section C is other revenue. Jose reviewed each line item and how it is distributed. Line 34 is revenue that the colleges collect in fees, etc. Line 37 is other revenue, i.e. block grant.
- Denise Allen-Hoyt asked where the pass-through funds from redevelopment were depicted. Jose replied that it is part of Section A and explained that the state determines how much each district will receive based on its size (base) plus enrollment. A portion of the pass-through money is offset in the state's payment and 42% of the money goes to the Capital Outlay Fund.
- Jose reviewed each of the assessments shown in Section D.
- Section E contains the budgets for each site. The figures are expenditures for the most part.
- The committee reviewed a graph on page 19 that addressed what has changed since the 2016-17 tentative budget, as well as the differences from the 2015-16 estimated actuals.
- The committee discussed one-time funding which is shown on page 2, Section F, Lines 71-72. This year SBCCD is anticipating receipt of \$1.4 million. The budgeted expenditure of this funding is based on DBC Recommendation 2017-01 (page 17 of the packet) and illustrated by the graph on page 22.
- Jose asked committee members to turn to page 3. He advised that this page reflects the assumptions that get fed into the RAM. He spoke about faculty positions. Although there are a total of 15 for 2016-17, only 11 are shown because the rest are from the early retirement incentive plan and didn't affect the budget.
- In reviewing the assumptions for years 2017-18 and 2018-19 on page 5, it was mentioned that SBCCD won't have revenue to initiate the projected additional positions if it does not meet its growth goals. Celia Huston pointed out that the assumptions do not reflect any growth in classified positions. Jose advised that management needs to start considering classified staff as well as faculty.
- Discussion turned to the topic of facilities needs. A Facilities Condition Assessment (FCA) was recently completed which identified over \$31 million in deferred maintenance. \$2.3 million has been set aside to address some of this need. Denise asked how the decisions are being made for prioritizing these projects. Jose advised that currently there are amounts set aside but no priority has been developed. Those decisions will be made at each college. Jim asked if the Facilities Master Plan (FMP) is related to the FCA. Scott explained that the FMP helps determine if an asset should be saved or demolished, and the FCA provides details that help feed this decision. Mike Strong talked about establishing a facilities committee at CHC and Scott mentioned that SBVC already has one.
- Jose talked about productivity and explained the numbers on page 9, which indicate that CHC has enough sections but needs more students. SBVC has different needs.
- DBC members discussed pages 20-21 which show allocations and salaries/benefits. In response to a question from Jim, Jose promised to provide information on current classified staffing levels by site.
- Celia asked for more detailed information regarding the new faculty positions, which Scott advised he would send her.

After this discussion of the packet materials, Jose asked if the DBC would like to recommend that Chancellor's Cabinet approve the final budget. The DBC unanimously agreed to approve such a recommendation, which will be presented as #2017-02.

## 2016-17 Final Budget Schedule

The committee reviewed the Final Budget Schedule. Members were invited to join in the August 25 Budget Study Session.

## Updates – Talking Points

Jose advised committee members that he is available to talk with any constituent groups and plans to attend both classified and academic senate meetings throughout the year. It is also the responsibility of the DBC members to advise their respective bodies regarding the budget and DBC.

Denise asked about Prop 39 on page 17. It was explained that this is a five-year program that has to do with energy efficient projects. She asked for a list of what projects have been completed so far. She also asked for a list of block grant projects that have been completed.

There was discussion about the roll out of the Strong Workforce Program and concern about how SBCCD can be involved in the regional money arena. Denise expressed a desire for transparency in determining distribution of the \$1.9 million. Jose responded that no conversations have taken place at this point. Initially the state talked about a distribution by college. The amount was then issued in district amounts. Richard Galope and Jose promised to talk with the chancellor about better positioning for SBCCD. Denise suggested the campus presidents go to the meeting as well.

## Adjournment & Next Meeting

The next adjourned at approximately 3:30 p.m. The next meeting is scheduled to occur on September 15, 2016 in PDC 104.