



BUDGET COMMITTEE MEETING
Feb. 6, 2019 -- 2:00-3:30 p.m.
Board Room
MINUTES

CALL TO ORDER: The meeting was called to order at 2:03 p.m. by Committee Chair, Morris Rodrigue.

ROLL CALL:

	Jill Ault	x	Katie Littlepage	x	Morris Rodrigue		Student Rep.
x	Don Cingrani	x	Sue Loring	x	Kathy Royce		
x	Crystal Mair		Tom Masulis	x	Susan Schroth		

GUESTS: Andy Fields, Dean of Extended Education.

APPROVAL OF MINUTES: 8/29/18, 9/19/18 & 11/7/18. Loring/Cingrani. Discussion: Katie noted a misspelling of her name, no other discussion. Motion passed unanimously.

PUBLIC COMMENTS: None

REPORTS:

A. Statewide Budget Update

Morris shared an update from School Services of California (*handout*). The Governors proposed budget comes out each year in January. From January to May there is a lot of discussion back and forth and then finally the May revise is shared. From May to June there is more conversation and adjustments, and then the final budget is passed in June.

The budget Governor Brown proposed each January usually had just minor tweaks, but with a new Governor that could change. Morris discussed the section under Community Colleges, pointing out that they are proposing a statutory COLA of 3.46%, which may or may not be fully funded, but we should receive a COLA. COLA is the largest portion of the Community College component in terms of unrestricted general fund dollars. The Chancellor’s Office is not recommending any new initiatives this year.

The new funding formula for 2018-2019: 70% Base Allocation (historically how the college has been funded) 20% Supplemental Allocation (equity metrics) and 10% Student Success Allocation metrics.

Over the next two (2) years the funding formula percentages should gradually adjust. We have been concerned about how quickly the success metric was going to adjust, and it has been proposed that this category for next year have a growth cap. They didn’t want to make an immediate switch from year one to year two, so the proportions for next year will be exactly as they are this year, which is supporting the funding formula and adding in COLA. Prop 51 Bond dollars are statewide but we do not qualify for these.

They have allocated \$40M statewide to pay for the Promise Grant which are first time-full time students, and now they want to provide two (2) years of funding instead of just one (1) year.

The new Governor wants to take a sizeable amount of dollars and put them in CALSTRS and CALPERS, thereby reducing the rate that these have been escalating. This will slow down how fast the increase happens. Susan asked if we are still looking financially healthy using the new funding formula. Morris said yes, but part of the problem that makes it more difficult to predict is they are using a FCMAT tool and there are errors in the tool. One thing the FCMAT model didn't show was the restoration component, and how they apply that restoration could really impact our college because of the summer shift and how we claim it. Restoration for credit FTS revolves around a three (3) year average, but our special admits were not included.

Morris said enrollment is up a little for the spring, but from last year to this year enrollment is flat. Morris's only real concern at this point is how they do restoration for the special admits (dual and concurrently enrolled and incarcerated). Susan asked about ideas on how to increase special admits. Morris said that would be done through the instruction office. Morris said he will be more confident in his projections when he gets P1, which should be out 2/22/19. Once he has this information he can make a more accurate prediction. P2 comes out later in the year, and then a recalculation. After a review of both P1 and P2 a decision can be made on whether or not to utilize the summer shift option.

Kathy said it appears the metrics will take on more value in the future so it will be very important to have completers, with degrees, certificates and transfers. Morris said yes, but the metrics we used for the funding formula now, are based on 2016-2017 data, and the reality is the majority of the metrics are really based on 2017-2018 data. Andy asked if FTES funding is still \$5,000 per student. Morris said for special admit students it is approximately \$5,500 per FTES and approximately \$3,750 for credit FTES.

DICUSSION/ACTION

B. & D. Budget Calendar and Budget Process- 1) *Budget Calendar*, 2) *Manual for Resource Allocation*

The Budget Calendar is on the February Board Agenda. Morris asked the committee to review the dates, and pointed out what really impacts this committee is the April 3rd- 1st Review of the tentative budget. May 1st is the 2nd review and May 15th is the 3rd review. Historically, this committee has reviewed the tentative budget three (3) times, but that may not be necessary. More importantly is the collaborative process between Budget Committee and College Council. Morris said Jill spends a lot of time preparing in order to bring the tentative budget to the committee and she doesn't always have all the information needed to present it completely in April. Morris asked the committee if they were okay pulling out the April 3rd 1st review date, and then changing it to just two reviews; May 1st and May 15th. Don pointed out that it may go to Cabinet prior to coming to Budget Committee if we remove the April 3rd date. Morris said it would be okay for Cabinet to review prior to the committee. If the committee makes changes on May 1st, then Morris would bring those changes back to Cabinet. Morris asked the committee if going forward, they would be comfortable with reviewing the tentative

budget twice instead of three times. The committee came to a consensus that two reviews are sufficient going forward.

C. Discount Factor Trends (*Handouts*)

Jill has put together some data for the committee to review. Morris said we are conservatively building the expense side. Each year we budget as if all positions are filled throughout the year, but there are always changes such as un expected vacancies, short term hires and substitutes, and we usually end up with dollars unspent. Historically, we come in under budget due to this. For 2018-2019 Jill has adjusted for this so it doesn't impact the determined amount of the discount factor. In the past this committee has made an educated decision, after a lot of discussions on what the discount factor should be. For 2018-2019 we were going to set the discount factor at 4%, but when comparing that number to the last few of years; 2017-2018 was 3.2% and 2016-2017 was 3.5%, and 2015-2016 was 5.7%, Morris said he needs to analyze this more, and he will probably come back with a recommendation of something less than the 4% as he works with Jill on tightening areas of the budget.

Don asked if the decline in the actuals is reflective of budgeting more realistically. Morris said possibly. Morris said the majority of the budget sits in salaries and we budget as though all positions will be filled. We are also doing a better job on STRS and PERS projections.

Don said he is an advocate of budgeting realistically because not doing so can breed doubt in the process. He believes when we went to the discount factor method, it was an improvement because we are using historical data and being objective. Kathy said there are different philosophies on budgeting. Don agreed, and said we don't want to have a use it or lose it philosophy. Morris said for his area, big purchases should not be put in the budget, but should be run through as an initiative, and if approved they will be funded through the augment process. Morris recommends that departments go through their budgets line by line and look for things that are anomalies and budget conservatively, but also realistically.

Don said the supplies line appears to be increasing. Morris said it could be that departments are stocking up. Don pointed out that each year funds are allocated to Capital Outlay, but they are not always expended. Morris said Capital Outlay expenditures are different than Capital Outlay dollars. Don said Capital Outlay seems related to scheduled maintenance, which we need to do more of, and asked if some Capital Outlay budget could be directed to scheduled maintenance. Morris said it's possible that some scheduled maintenance could be augmented by an initiative, or other resources. Various parts of scheduled maintenance will be included in Bond projects.

OTHER/ANNOUNCEMENTS: None

ADJOURNMENT: 2:55 pm. Royce/Schroth, motion carried unanimously.

NEXT MEETING: Feb. 20, 2019

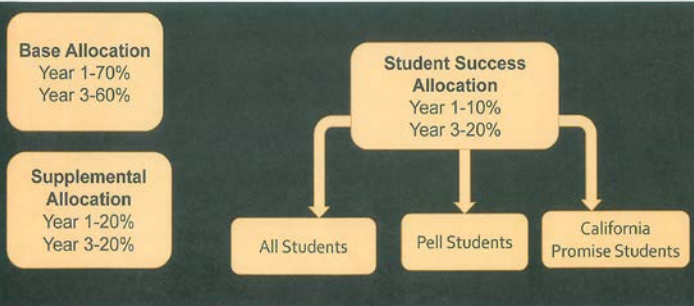
Recorder,

Sherry Nicholas
Executive Assistant

Administrative Services

The new funding formula for 2018-2019: 70% Base Allocation (historically how the college has been funded)
20% Supplemental Allocation (equity metrics) and 10% Student Success Allocation metrics.

The New Funding Formula



Base Allocation

- Flat amount for college size (\$3,915,723)
- 3,727 per FTES based on a 3 year rolling average in year one
- 3,046 per FTES based on a 3 year rolling average in year three

Student Success Allocation Example 1

A Student Completes ADT degree in year one
 $4 \text{ points} \times 1 \text{ degree} \times \$440 = \$1,760$

Premium if student is also a Pell Grant recipient
 $6 \text{ points} \times 1 \text{ degree} \times \$111 = \$666$

Premium if student is also a California Promise recipient
 $4.5 \text{ points} \times 1 \text{ degree} \times \$111 = \$499.5$

Carve Outs

- Dual Enrollments Funded at Full Rate
- Non-Credit Funded at Full Non-Credit Rate
- CDCP Non-Credit Funded at Full Rate

**Shasta - Tehama - Trinity Joint Community College District
Tentative Budget Development Calendar 2019-2020 ***

January 26	Distribute staffing worksheets to administrators
February 8	Administrators turn staffing worksheets back in to Comptroller
February 8	Administrators to receive budgeting instructions
February 8 & 11	New Administrator and refresher training session on Colleague budget module
February 22	Administrators submit budgets to appropriate VP or Pres.
March 15	Vice President's and President to have completed reviews with administrators <i>notify Comptroller when divisions are completed</i>
April 3	First review of Tentative budget by Budget Committee
April 23	First review of Tentative budget by Cabinet
May 1	Second review of Tentative budget by Budget Committee
May 15	** Third review by Budget Committee and recommendation to College Council
May 21	** College Council makes recommendation to President on Tentative Budget
June 12	Tentative budget presented to Board of Trustees
September 11	Final budget presented to Board of Trustees