



BUDGET COMMITTEE MEETING

Feb. 21, 2018

Board Room ~ 2:00-3:30 p.m.

MINUTES

CALL TO ORDER: The meeting was called to order at 2:04 p.m. by Chair, Morris Rodrigue.

ROLL CALL:

x	Jill Ault	x	Sue Loring	x	Kathy Royce		Student Rep.
x	Don Cingrani		Tom Masulis	x	Susan Schroth		
x	Sara Holmes	x	Morris Rodrigue	x	Tom Simpson		

APPROVAL OF MINUTES: 10/4/17 and 11/15/17. **Simpson/Schroth. Discussion: one typo noted on 11/15/17. Motion passed unanimously.**

PUBLIC COMMENTS: None

REPORTS: None

DISCUSSION/ACTION:

A. State Budget Updates

Morris said he attended a meeting a few weeks ago at the state level, and there are different constituency groups making recommendations on a new budget formula bill that came through. The Department of Finance (DOF) is the lead on this new formula. The initial proposal on the budget formula did not do well for a lot of the smaller schools. The DOF sent out information yesterday where they simulated what a school would have received in 2016-17 under the newly proposed budget formula (Morris gave an example). Currently we have the ability to do a summer shift, using summer FTES either forward or backward, but that will go away under the new formula. The rate they used didn't include removing the summer FTES, and any college that is in decline or flat uses the summer FTES shift.

We will get the new budget formula proposal in May, which may or may not look like the current number. Small schools like Shasta College are pushing back on how they are extrapolating their data. Our argument is that a small school still must have a certain budget amount in order to operate, so we are trying to offset the impact for the smaller schools.

One thing that helps our college a lot is the PELL Grant, because we have a higher capture of PELL Grant recipients than other colleges, but the way the data was pulled is not exactly matching the trailer bill language, and we didn't do as well on the BOGG Fee Waivers as Morris thought we would. The DOF simulations put us down in budget for the 2016-17 year, based on 2015-16 data.

Susan asked if Dual Enrollment (DE) students affect our BOGG number, because the DE students' do not apply for BOGG, they are charged for each course and the health fee. Morris said no, they pull out the DE students and put them in at a higher rate. Morris said if these changes take place it will drive us to make sure our students are completing certificates and degrees. The one thing about the new formula that shields us for

one year is a one year hold harmless in the bill, but we do not have data on how much we are being held harmless, it might possibly mean a cut the following year if we are in a "hold harmless" group of colleges. The one thing we do know is that the way the new formula is currently written, the COLA is not included, although it has been made clear that we want the COLA to be on the hold harmless. We are suggesting that a better hold harmless be developed, and carried over 2-3 years for any schools in declining enrollment. This will be the big unknown until this June.

There will still be a cap on the FTES, but not on degrees and certificates by improving on the metrics. They might put a cap on something, but financially there will be tipping point. Prop 98 may help us, it remains to be seen. Tom S asked if there was any more information available about the Chancellor's Office online college. Morris said it is not really a 100% fully online college. They are trying to make it clear that they will not be competing with community colleges. They are targeting adult students who are currently not attending any school, and are focusing on entry level certificates. Morris said we just need to focus on our mission and quality programs. We need to be stellar and do a good job in keeping our quality high and stay student focused.

The college promise (first year free) has been funded and there are six (6) things a school needs to do to collect the dollars. The recommendations will come out of Student Services or enrollment management. Morris said he personally believes there are other ways to help students other than just waiving fees.

Sue said that Butte College has already released a press release about how all incoming full time students' fees will be waived, and some schools have generated a promise program out of donations from their community, such as Butte, which is being funded by Sierra Nevada Brewery. Morris said the language is funky regarding the funding, and a college doesn't have to use the dollars to waive fees, they could be used for other purposes that also supports students.

B. Multi-Year Projections

Morris said that last semester the committee had a simulation that was revised by Joe Bissell. He has now revised that one for review today. This revision is on the assumption that we are going under the current funding formula. The one thing changed was to assume a downward trend in our FTES. We are currently down 300 fall and spring. There is still an assumed COLA and pay raises, and still assumed a typical 4% under budget. The graph shows we start to decline on the ending balance. At the same time we have increasing expenses such as STRS and PERS. A 2% COLA comes in more than the actual pay raises, but STRS and PERS starts to absorb the increase in COLA. Sue asked about page 2, and if it was calculated using the current funding formula. Morris said yes all projections into the future are using the current formula. In this particular projection, in 2018-19 our TCR (Total Computational Revenue) would still be trending down due to low enrollment.

This is how it would look under the old formula even though expenses track-on, hiring remains flat and with increases to STRS and PERS. Don said with the decline in FTES, do we make the assumption that we are not going to recover the FTES even though the expense side still increases. Morris said this is the basic allocation component, and in the new one they will come up with a marginal rate for 2017-18. The marginal rate will go up and it is used to determine the other pieces of the new formula - 25% of the \$5,320 per student and 45% of the \$5,320 per student are what is used to determine the rate. \$5,320 per student is used to determine the BOGG fee waivers we give (times) the 25%. This information was calculated in the handout from the last meeting (see Jill's handout dated 2/7/18).

C. Announcements/Other

Sue said that we have some policies that other schools don't have that make it more difficult to get a degree, such as computer literacy being required. Students don't need a degree to graduate, so they don't spend the

\$40 on the computer literacy test, they just move on. Sue said she has heard from A & R that this is problem, and in some case the students don't want to pay the fee and in other cases the students may not know about it. Morris said it really goes to the way we operate in awarding degrees. Don said maybe this is what the state is trying to accomplish, maybe it should be more results driven instead of effort driven. Don said because of the shift in how we will be funded, this information is relevant and we are disadvantaging ourselves by requiring the computer literacy classes. Morris said all colleges will be looking at their policies and processes and making these decisions based on the changes of a new funding formula

Morris informed the committee about finding an alternate member for one semester for Tom Masulis. The bylaws allow this, and it is necessary since this semester Tom's schedule won't allow his attendance at the meetings. Morris will keep the committee posted on who the alternate might be.

ADJOURNMENT: 2:55 p.m.

NEXT MEETING: TBD

Recorded by:
Sherry Nicholas
Executive Assistant
Administrative Services