



BUDGET COMMITTEE MEETING

April 19, 2017
 Room 2314
 2:00-3:30 p.m.
MINUTES

CALL TO ORDER: The meeting was called to order at 3:05 p.m. by Committee Chair, Joe Bissell.

Roll Call:

x	Jill Ault	x	Kendall Crenshaw	x	Tom Masulis		Student Rep.
x	Joe Bissell	x	Sara Holmes		Morris Rodrigue	x	Susan Schroth
x	Don Cingrani		Lynda Little		Kathy Royce		

APPROVAL OF MINUTES- April 5, 2017 -Cingrani/Crenshaw. Discussion- A few minor edits were noted for clarification. Motion carried unanimously.

PUBLIC COMMENTS- None

REPORTS- None

DISCUSSION/ACTION

P2 320

We have the P2 figures with 7199 FTES. Apportionment includes P1, P2 and an adjusted report, and then a final number in October. Joe said that we still budget conservatively, and are attempting to make accurate projections, so we have adjusted this years and next year's figures in that projection.

Budget Planning Parameters (handout)

Joe shared two (2) documents on budget planning parameters and explained that the documents would be combined. Joe asked the group to look at how the budget is built and look at the budgeting parameters (assumptions and parameters to build the budget) for feedback.

Joe pointed out that one of the parameters included is the practice we use in reporting summer census FTES i.e. counting two (2) summers FTES every other year and no summer FTES on the off years. This allows us to keep our FTES base approximately 440 higher than keeping a constant 12 month period to report FTES. If this capability should go away it would drop our annual FTES by approximately 440, along with the funding.

Susan asked about the onetime expense in April. Jill said this is the estimated cost of the off schedule payments for this year, and is the 2% negotiated by faculty. Don said he liked both documents, and said they were easily understood. Joe said there is a lot of work and research that goes into this and the hope

is that by August the committee will be satisfied with this document, and that it will assist in the budgeting process.

Transition from conservative budget to realistic budget- How to inform campus

Joe said that after much thought, he believes we are not changing the budgeting practices, but we are changing our projections. All agreed that we are still budgeting conservatively. Don said the fact that we are putting in a projected reduction of costs shows transparency. Joe said it really is a method of conservative and realistic budgeting by adding one line in the budget to explain a discount factor which is related to the potential saving each year through temporary vacant positions. Joe referred to the new four (4) column sheet, and pointed out the dollar amount and percentages for each year, and explained it is historical budget to actuals and excludes transfers. Using this document, Jill calculated a conservative percentage, maybe more than it needs to be, but in line with current budgeting practices. Joe said the 3.5% used in the tentative budget example could quite possibly be 4% if they were to revisit some of the budgeting practices. The current document is built and based on 7200 FTES.

Joe explained that other colleges do budget savings through position vacancies, and they do it by adding a line item. As an example San Jose Evergreen District puts in a discount factor using a five (5) year rolling average. This discount factor assists them in projecting their fund balance.

Joe said that all of the grants the District has received are actually saving money in the general fund. Susan said she recently learned about the grant funded positions, and said it would be helpful if this information was communicated to the entire campus community. Jill said a lot of the grants we receive have an administrative allowance which goes to the general fund as revenue. Susan asked if we should capture the savings on this. Jill said it's hard to capture because the grant positions may not all exist if they were not grant funded.

Joe added that we should show the unrestricted and restricted budgets separate at all times because it will give more detail, and it helps in communicating the budget. Susan said the classified union asks for representatives on committees to report out information, and believes it would be good to highlight anything that helps with the general fund and understanding the District budget.

Titles and description of line item savings in budget- Handout)

Joe said he has given this a lot of thought, and has come up with some additional descriptions for the estimated dollar amount, and likes the term "discount factor".

The line item title is simply, the "discount factor".

The short description explains simply that budgets are created using conservative estimates and a discount factor is calculated based on the review of historical budgets, leading to a more realistic estimate for the ending fund balance.

The long description explains that we are not changing our conservative budgeting practices. The long version also states that salaries and employee benefits are the largest expense in the budget each year, and gives further explanation about the temporary gaps in positions that can create additional dollars each year. The past four (4) years- actual versus budget is being used to determine the discount factor percentage.

Don said he liked the three (3) descriptions. Jill said she agreed, and believes it alleviates some of the concern about the terminology. Don said it gives us global parameters when discussing it and it's a model to follow.

The short description will be used on the Tentative Budget. The long description will be in the budget itself, and will be discussed at an open Board of Trustees meeting. Joe said if the group agrees today on this method, he will bring it to Cabinet and then to the Board. Tom said he believes we have come up with a method for better quantifying the budget.

Don said he would like it communicated that this is not something that Joe Wyse or Morris Rodrigue came up with, but it was work done by the Budget Committee. Don said he believes this is important because the Budget Committee has representation from across all campus constituencies, and there can be an assumption that administration dictates and may have made this change. We should communicate that this is a Budget Committee idea, and administration has listened to our suggestion. Joe agreed, and said this is a good working committee. Sara said with this change, we might get lot of questions and it would be best to be prepared with good answers. All agreed to move this new method "discount factor" to Cabinet.

2017-18 Unrestricted General Fund preliminary budget numbers-

Jill updated revenue and expenses projections for 2016-17 which results in projected net income of \$386K vs budgeted \$1.4M loss and an ending fund balance of \$10.8M. Joe said these estimates are still conservative with the 3.5% discount factor calculation. The 2017-18 Tentative Budget is showing a \$2.3M loss and then with the discount factor of 3.5% (\$1.6M), the net loss would be \$750K. Jill noted the annual cost for the off schedule raise is \$600K (onetime dollars), which is actually a planned spend down of the fund balance.

This is the second reading for the 2017-18-Tentative Budget. It will be reviewed by the Budget Committee again on May 3rd and then it will go to Cabinet and College Council.

Budget Initiatives to Superintendent/President- Tabled until next meeting

OTHER / ANNOUNCEMENTS: None

ADJOURNMENT: 3:00 p.m.

NEXT MEETING DATE: May 3, 2017

Recorded by:
Sherry Nicholas
Executive Assistant
Administrative Services

**Shasta-Tehama-Trinity Joint Community College District
2017-2018
Tentative Budget
General Fund - Unrestricted**

Fund 11	2016-2017 Final Budget	2016-2017 Estimated Actuals	2017-2018 Tentative Budget	Budget Change Adopted 16/17 to Tentative 17/18
Beginning Fund Balance	\$ 10,413,391	\$ 10,425,389		
Estimated Beginning Balance 7/1/17			\$ 10,595,017	
INCOME				
Federal Income				
Forest Reserve Fund	\$ 86,000	\$ 86,000	\$ 88,000	\$ 2,000
Miscellaneous (Adm. Fees, Federal Projects)	147,685	129,730	135,627	(12,058)
Total Federal Income	\$ 233,685	\$ 215,730	\$ 223,627	\$ (10,058)
State Income				
State Apportionment	\$ 15,252,019	\$ 15,675,060	\$ 15,751,530	\$ 499,511
Educational Protection Act	5,824,286	5,824,286	5,824,286	-
Board Financial Assistance	99,470	99,470	99,470	-
Basic Skills	173,366	173,366	90,000	(83,366)
Faculty Part-time Office Hours	0	0	0	-
Home Owners Exemption - All Counties	226,400	226,400	226,600	200
Timber Tax Receipts	102,000	102,000	102,600	600
Lottery	908,000	908,000	1,000,000	92,000
Mandated Cost Block Grant	820,000	800,000	200,000	(620,000)
Miscellaneous: Adm. Fees, State Projects	510,000	510,000	539,113	29,113
Total State Income	\$ 24,098,626	\$ 24,494,757	\$ 24,009,774	\$ (88,852)
Local Income				
Property Taxes	\$ 15,937,009	\$ 15,763,968	\$ 16,448,100	\$ 511,091
Contract Education	20,000	20,000	-	(20,000)
Sales	94,230	94,230	100,500	6,270
Rentals and Leases (Facilities)	160,000	160,000	160,000	-
Interest	50,000	50,000	51,500	1,500
Community Education	160,908	160,908	120,000	(40,908)
Enrollment Fees	2,120,700	2,120,700	2,135,700	15,000
Non-Resident Tuition	700,000	700,000	615,000	(85,000)
Student Fees and Charges	113,555	113,250	119,370	5,815
Miscellaneous Local Income	107,000	107,000	167,776	60,776
Total Local Income	\$ 19,463,402	\$ 19,290,056	\$ 19,917,946	\$ 454,544
Other Financing Sources				
Interfund Transfers In	\$ 0	\$ 0	\$ 0	0%
Other Income	7,500	7,500	7,500	-
Total Other Financing Sources	\$ 7,500	\$ 7,500	\$ 7,500	\$ -
Total Income	\$ 43,803,213	\$ 44,008,043	\$ 44,158,847	\$ 355,634

**Shasta-Tehama-Trinity Joint Community College District
2017-2018
Tentative Budget
General Fund - Unrestricted**

Fund 11

2016-2017	2016-2017	2017-2018	Budget Change
Final Budget	Estimated Actuals	Tentative Budget	Adopted 16/17 to Tentative 17/18

EXPENDITURES

Academic Salaries

Instructional Contract	\$ 9,302,909	\$ 9,302,909	\$ 10,110,280	\$ 807,371
Non Instructional Contract	1,087,044	1,087,044	883,041	(204,003)
Academic Administrators	2,105,112	2,105,112	2,111,941	6,829
Instructional Hourly	4,409,549	4,409,549	4,854,571	445,022
Non Instructional Hourly	203,272	151,948	174,608	(28,664)
Total Academic Salaries	\$ 17,107,886	\$ 17,056,562	\$ 18,134,441	\$ 1,026,555

Classified Salaries

Non Instructional Contract	\$ 5,504,521	\$ 5,406,983	\$ 6,014,122	\$ 509,601
Instructional Aides Contract	572,337	555,337	709,189	136,852
Classified Management/Supervisory/Confidential	1,858,231	1,858,231	1,782,951	(75,280)
Non Instructional Hourly	566,622	566,622	562,653	(3,969)
Instructional Aides Hourly	207,911	152,911	169,616	(38,295)
Student Hourly	312,803	265,803	345,217	32,414
Total Classified Salaries	\$ 9,022,425	\$ 8,805,887	\$ 9,583,748	\$ 561,323

Employee Benefits

STRS - State Teachers Retirement	\$ 1,716,952	\$ 1,682,613	\$ 2,319,468	\$ 602,516
PERS - Public Employees Retirement	973,702	993,176	1,341,061	367,359
Social Security & Medicare	1,057,658	1,057,658	576,714	(480,944)
Medical/Dental/Vision/Life Insurance	3,264,838	3,186,482	3,195,708	(69,130)
Unemployment Insurance	39,328	39,328	40,367	1,039
Workers Compensation Insurance	541,463	541,463	563,119	21,656
Retirees Health Benefits	3,136,465	2,585,862	2,625,000	(511,465)
Total Employee Benefits	\$ 10,730,406	\$ 10,086,582	\$ 10,661,437	\$ (68,969)

Supplies

Instructional	\$ 337,053	\$ 257,053	\$ 317,168	\$ (19,885)
Non-Instructional	766,536	625,818	733,716	(32,820)
Total Supplies	\$ 1,103,589	\$ 882,871	\$ 1,050,884	\$ (52,705)

Other Operating Expenses

Dues and Memberships	\$ 118,294	\$ 113,294	\$ 122,099	\$ 3,805
Insurance	421,361	411,361	429,223	7,862
Legal and Professional Services	456,325	331,912	476,825	20,500
Election	90,000	219,000	-	(90,000)
Postage	56,300	51,300	73,700	17,400
Staff Development, Travel, and Conference	324,652	309,652	391,162	66,510
Building and Equipment Rental/Leases	191,943	191,943	192,893	950
Personal/Consultant Services	375,763	295,763	340,763	(35,000)
Repairs	402,126	402,126	388,866	(13,260)

**Shasta-Tehama-Trinity Joint Community College District
2017-2018
Tentative Budget
General Fund - Unrestricted**

Fund 11	2016-2017 Final Budget	2016-2017 Estimated Actuals	2017-2018 Tentative Budget	Budget Change Adopted 16/17 to Tentative 17/18
Utilities/Electricity/Gas/Water/Waste/Telephone	1,014,439	1,004,439	1,005,962	(8,477)
Service Fees/Other Charges	869,618	719,618	917,473	47,855
Software Licenses and Maintenance	741,159	721,159	688,674	(52,485)
Advertising, Printing, and Miscellaneous Operating	445,997	370,997	391,052	(54,945)
Field Trips (Classroom related, athletics)	397,862	347,862	386,624	(11,238)
Operating Backcharges	(367,000)	(367,000)	(371,500)	(4,500)
Total Other Operating Expenses	\$ 5,538,839	\$ 5,123,426	\$ 5,433,816	\$ (105,023)
Capital Outlay				
Site Development	\$ 2,800	\$ 2,800	\$ 2,800	\$ -
Building Improvement	3,000	3,000	3,000	-
Library Books	13,700	13,700	15,660	1,960
Equipment	661,051	627,023	661,681	630
Total Capital Outlay	\$ 680,551	\$ 646,523	\$ 683,141	\$ 2,590
Other Outgo				
Interfund Transfers (Debt Service, Cap. Outlay, Rev.)	\$ 892,335	\$ 892,335	\$ 862,859	\$ (29,476)
Student Aid	20,480	20,480	18,480	(2,000)
Debt Principal and Interest	107,206	107,208	107,205	(1)
Total Other Outgo	\$ 1,020,021	\$ 1,020,023	\$ 988,544	\$ (31,477)
Total Expenditures	\$ 45,203,717	\$ 43,621,874	\$ 46,536,011	\$ 1,332,294
Net Income (Loss)	\$ (1,400,504)	\$ 386,169	\$ (2,377,164)	\$ (976,660)
Ending Fund Balance	\$ 9,012,887	\$ 10,811,558	\$ 8,217,853	\$ (795,034)
	19.9%	24.8%	17.7%	

2% off schedule is approx \$595K for

Discount Factor @ 3.5%	\$ 1,582,130	\$ 1,628,760
Ending Fund Balance with Discount Factor	\$ 10,595,017	\$ 9,846,614

FUND BALANCE	19.9%	24.8%	17.7%
Mandated 5% Reserve	\$ 2,260,186	\$ 2,181,094	\$ 2,326,801
Reserve for Emergency 5%			\$ 2,326,801
Revolving Cash	52,500	52,500	152,500
Undesignated Fund Balance	6,700,201	8,577,964	3,411,752
Total Ending Fund Balance	\$ 9,012,887	\$ 10,811,558	\$ 8,217,853

@ 7,150 FTES

@ 7,200 FTES

	16/17 estimated	17/18	
TCR	39,420,000	39,420,000	40,446,102
rev deficit		250,000	0
RDA deferral from 14/15 to			0
EPA	(5,824,286)	(5,824,286)	(5,824,286)
prop tax	(15,937,009)	(15,763,968)	(16,448,100)
HO & tim tax	(328,400)	(328,400)	(329,200)
enrol @ 98%	(2,078,286)	(2,078,286)	(2,092,986)
General Apportionment	15,252,019	15,675,060	15,751,530

50 add'l FTES to reach 7,200, funded @ \$5,000/ea

BUDGET ASSUMPTIONS

	Governors Budget Proposal	Budget Committee	College Council	Governors Revised Budget	Tentative Budget to Board	State Adopted Budget	Final Budget to Board
	Jan 2017	April 2017	May 2017	May 2017	June 2017	June 2017	Sept 2017

FTES	7,150	7,270					
COLA	1.48%	1.10%					
Growth	1.34%	0					
Base Adjustment	\$23.6M	\$144,275					
Deficit factor	0%	0%					
Mandated Cost Block Grant	\$200K	\$200K					
OPEB actual expense		\$2.625M					
OPEB deposit		0					
One time expense		\$600K					
Budget income or (defecit)		\$1.2M					

Shasta % of statewide .611%

Budget Planning Parameters for 2017-2018

April 12, 2017

- The college will continue to count two summers' census classes every other year and use state stability funding to maximize FTES apportionment income.
 - This will increase FTES reporting by approximately 440 and result in increased apportionment income of approximately \$2.2M.
 - Every other year the college will report no census summer FTES which will result in a FTES decline of approximately 890 and stability funding of approximately \$4.45M to maintain its prior year base apportionment funding.
 - FTES for 2016-17 will be approximately 7200 (including two summers); FTES for 2017-18 are estimated to be approximately 6300.
- The college will work to earn all growth and restoration funds; however, additional funding for growth and restoration will not be budgeted until it is actually realized.
- All known contract employee positions and benefits will be budgeted assuming full employment.
- The Unrestricted General Fund will include a discount factor which will be calculated using a 5 year budget vs. actual to project a realistic change in the Unrestricted General Fund balance for the fiscal year.
- The latest School Services of California forecast will be used for Lottery funding and STRS and PERS employer rates.

Budget Committee discussion

4/19/2017

Line item title

Discount Factor

Short description

Budgets at the college are created using conservative estimates which will tend to overestimate expenses. A discount factor using the past 4 year actual to budget is being used to provide a more realistic estimate for an ending fund balance.

Paragraph long description

Past budgets at the college have been created using conservative estimates including budgeting for salaries and employee benefits (83% of total Unrestricted General Fund expense) assuming all positions will be filled 100% of the time and there will be no temporary gaps for recruiting, hiring for midyear retirements, resignations, etc., and in reality such temporary gaps do occur. To account for these temporary gaps when projecting the year end Fund Balance, a Discount Factor is being used to estimate actual expenses and allow for a more realistic projection for the ending fund balance. The past four years' actual vs budget is being used to determine the Discount Factor percentage.