



BUDGET COMMITTEE MEETING

Sept 9, 2020
Zoom

<https://shastacollege-edu.zoom.us/j/93045697750>

3:00-4:00 p.m.

MINUTES

CALL TO ORDER: The meeting was called to order at 3:04 p.m. by Committee Chair, Greg Smith.

ROLL CALL:

x	Jill Ault		Katie Littlepage	x	Thomas Martin (Via Phone)	Student Rep.
					x Casey Schurig	
x	Heidi Dias	x	Sue Loring	x	Tom Masulis	
	Andy Fields	x	Crystal Mair	x	Greg Smith	

APPROVAL OF MINUTES: None

PUBLIC COMMENTS: None

REPORTS: None

DISCUSSION/ACTION:

A) Informational Session on the Statewide Budget and Funding Process

Greg gave an overview of how the District is funded, and changes happening at the state level. A robust discussion followed.

Greg said the District may receive Federal Stimulus dollars, but we still don't know if, or when, it will happen.

Information about the budgeting process and what is made available to us can be found at:
Chancellor's Office Website: Apportionment Reports (Google- CCCC CO Apportionment Reports)

In a typical budget year there are four apportionment reports that come out. The first is the advance apportionment report, which is where we get our first indication of what our total funding is going to be for the upcoming year. We are in an atypical year and there have already been significant revisions to the advance apportionment.

Exhibit R gives a good overview of all the funding sources that make up the District's Total Computational Revenue (TCR).

The Basic allocation is based on the size of the district and how many students it serves. There are different pieces that make up the TCR. For instance, if our FTES get high enough within our District, such as at the Tehama Campus, then we can apply for center status and receive additional basic allocation funding. The idea behind basic allocation is that it covers basic operating expenses.

The FTES allocation used to be the primary source of revenue until the Student Centered Funding Formula (SCFF) was implemented, and it is based on the average number of FTES over the course of three years. This number changes each year for all colleges, and it makes up roughly 70% of the SCFF.

The Supplemental allocation is based on the number of students we have receiving Financial Aid, Pell Grant, Promise Grant, and Title 4 financial aid.

The Success allocation is based on getting additional dollars for students obtaining outcomes, such as degrees and certificates, and then there are markers correlated to student success where points are assessed with a dollar value attached for things such as transfers to higher education.

We also receive some additional funding for our number of full-time faculty, EEO programs and special programs that the state wants colleges to pursue.

Because some schools would lose funding under the new SCFF, the legislators built in a Hold Harmless clause to protect those school and allow them more time to plan for future budgets. We are not a Hold Harmless school, and the college does better under the new funding formula.

In 2018-2019, we went through some very strange scenarios where the Chancellor's Office kept tweaking the SCFF. We were told at one point we would receive \$42.9 million and then as high as \$47 million. Our base allocation for the year ended at \$46,273,836.

Greg said Exhibit C is where we get the most useful revenue information in the subsequent apportionment reports.

Revenue Sources:

- Local property taxes
- Student Enrollment Fees
- Education Protection Account
- State apportionment
- Full-Time Faculty Hiring apportionment

In late February, when the first P1 came out for 2019-2020, the Prop 98 revenues were lower than what had been projected and the deficit was projected to give Shasta College around \$1.7 million less than TCR. Jill said that when property taxes are paid can impact what these numbers look like. The legislative analyst office looks at tax payments received and compares it to prior years, we take all this information and then can forecast our projected budget and revenues.

FTES Data and Calculations:

- Credit
- Incarcerated Credit
- Special Admit Credit
- CDCP
- Noncredit

Greg said this information is taken into consideration and then we do a look back for a three-year average.

Sue asked if we receive more funding for special admits. Greg said yes, and the rates are set by the legislators and it is stated in Ed Code. Jill said part of the reason is special admits are not part of the student success metrics.

P2 is typically received in late June, and then the final adjustment, the recalculation apportionment. We don't actually know our final revenue until the year has ended. As the reports come out from the state, we look for what the impact could be on our District. We follow this closely. For this coming year we can see the impact that COVID 19 has had on the state budget.

Sue asked if we have a sense of what our final number will be for last year. Greg, said yes we have a strong indication and should have the final report in the next week or two.

Tom Martin asked if we send in accurate reports each year that identify students in each category, and do we report it at multiple points throughout the year. Greg said yes, these reports are submitted. Tom Martin also asked about our processes and collecting data, so that we can double check our numbers, to ensure our numbers are correct.

Jill said the auditors for all schools use class rosters and various types of enrollments and make sure they are feeding into the reporting process the right way. That is how financial audits are done, they do sampling and if there is an error, they expand the sample size.

Tom Martin asked if in the collection process is the data collected from official records, or are we asking students to identify in one category or more, for example for Perkins revenue for many years we didn't collect data, and were not reporting single mothers, homemakers, foster youth, etc. Tom Martin said we are doing a better job now, using a survey, and would like to see this made mandatory.

Tom Martin asked what areas do we need to look at in our data collection process to ensure we are getting all the data we need to report. Jill said this may be a question for Student Services because the college application is completed through CCAApply.

Greg said he does not know the specifics on this either, but the AVP of Student Services or Associate Dean of Student Services should have this information.

Greg said one of the biggest challenges that has affected us, is to get as many students as possible to fill out the FASFA, and we have improved in this area. Sue said that applying for Financial Aid is one of the steps in the enrollment process, and its right up front now, which helps with getting students to file their FASFA. The FTES gets reported out of Colleague (MIS Reporting) and one of the big things we are making sure we are calculating is the student contact hour. The way we collect attendance is very important. There is an art to the scheduling that impacts these numbers.

Greg discussed how funding is calculated in various ways (Exhibit C). If we are serving more students with Financial Aid and the Promise grant, then we will receive less in enrollment fees. Eventually we will find out how much we will receive, and how much might be deferred. Greg referenced the chart for a breakdown of state apportionments and deferrals.

The latest information they have provide us on the payment schedule shows the total amount of deferrals at \$10,603,677 from February - June. This creates a cash flow problem. We can pull from our reserves and cash on hand, and then when we receive the payments from the state we backfill the funds we used. If we don't have enough cash on hand, then we can borrow from the county treasurer (TRAN) based on what we reasonable expect to collect.

Sue asked if the dollars in the OPEB Trust could be used to help with deferrals. Greg said yes, but it can only be used to pay retiree health benefit costs. Tentatively, we had planned to pull \$1 million out of the OPEB

Trust. Sue asked if money was put into OPEB for 2019-2020. Jill said she is not sure we actually budgeted it, but we may not make a deposit based on the cash needs for this year.

Greg said we did receive CARES Act funds, but they must be spent on qualifying expenses. Things we have done so far are purchased more equipment for students, Chromebooks, cleaning materials, hotspots, and the largest amount went to stipends to faculty to convert courses to online.

We refunded parking fees and dorm fees due to COVID 19. We have positions paid out of Fund 34 for the Dorms and Food Services and parking fees, which offset some of this lost revenue.

Jill said we also budgeted a transfer to capital outlay for approximately \$400,000-\$450,000 because there was a commitment made to pay off prior debt service. We used GO Bonds funds initially to pay those off, but we have continued allocating that amount over to capital outlay if at all possible. We are attempting to set ourselves up to fund our own maintenance. Greg said it's like a savings account so that money is set aside to do building repairs and improvements, such as over the summer we upgraded our network system and we are getting new hardware installed. Greg said we will get to the final budget numbers by the committee's last meeting in September.

Casey asked that three items to be on the next agenda

- Start the process for the creation of a plan for refunding the OPEB Trust for accreditation purposes.
- Academic Salaries and benefits expense, and how much was actually spent on academic salaries.
- Discussion of why the budget falls short every year, and what happens to the difference?

Jill said she would try to get some of this information by the next meeting.

OTHER/ANNOUNCEMENTS: None

ADJOURNMENT: 4:20 p.m.

NEXT MEETING: Sept. 16th 3-4:00 p.m.

Recorded by:

Sherry Nicholas

Sherry Nicholas
Executive Assistant
Administrative Services