



**BUDGET COMMITTEE MEETING**

Sept. 16, 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 3:05 p.m. by Committee Chair, Greg Smith.

**ROLL CALL:**

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

**Guests:** Joe Wyse and Sam Osborne

**APPROVAL OF MINUTES:** Feb. 5, 2020 and June 3, 2020— **Littlepage made a motion to approve both sets of minutes. Ault seconded. Discussion- none. Motion carried unanimously.**

**PUBLIC COMMENTS:** None

**REPORTS:** None

**DISCUSSION/ACTION:**

**A) Federal Stimulus Funds Update (PowerPoint)**

Greg shared a PowerPoint and allowed the committee to review. The PPT demonstrated a framework of revenues from the state level to the local level. At this time, it seems likely deferrals will happen this year because the timeframe for a Federal stimulus bill is closing in October.

Discussion included:

Apportionment - State budget for the CCC system includes \$1.45 billion in deferred apportionment payments.

Deferrals - \$791 million of deferrals would be eliminated if the state receives sufficient Federal Stimulus funds. Deferrals are something we may face this year and in subsequent years. Federal stimulus to offset deferrals must go to state governments, but we do not have an indication a stimulus will be passed by the House or the Senate at this time. Greg said the more important thing is how does the money get to the

college and how can it be used by the District. The HEROES Act and HEALS Act proposals include direct financial assistance to colleges and universities, similar to the CARES Act, but they would not offset deferrals. Under the Cares Act, acceptable uses of the dollars have evolved. 50% was required to be paid in direct cash aid to students. The other 50% have been applies to costs associated with the disruption of education due to the pandemic.

**B) Statewide budget update (PowerPoint)**

Greg gave a recap of the TCR, and how the sources of funding vary. The local Property Tax is typically the most stable with a small margin of variance from year to year, the other funding is through apportionment and categorical programs and grants.

FTES- based on enrollment, the higher apportionment the more funding we receive, but only if the state allows growth dollars.

Student Center Funding Formula (SCFF)

- 1) Basic Allocation
- 2) FTES Allocation
- 3) Supplemental Allocation
- 4) Student Success Allocation

The SCFF has caused some uncertainty because the state funds the formula based on available revenues and there have not been sufficient revenues to fully fund the formula. The Legislature has tweaked the SCFF and has applied a deficit factor, and it's possible there will not be enough revenue to fund the formula this year. The legislators can modify the SCFF each year. All of this makes it more difficult to project our TCR.

Example Hold Harmless:

Solano CCD SCFF TCR: \$46,820,017  
 Hold Harmless TCR: \$51,465,942  
 Hold Harmless TCR Amount: \$4,645,925

For 2020-2021 the projected total cost of the Hold Harmless provision will be \$134,894,964

27 districts are in the Hold Harmless, 6 are basic aid districts that are fully funded by local property taxes. 21 districts will get additional funding from the state. The Hold Harmless gives schools time to plan for reduction in their TCR due to the SCRR. The budget bill this year has added two more Hold Harmless years, extending it to 2022-2023. One positive note is that Shasta College did better under the SCFF than other schools.

Shasta College SCFF TCR is based on the revised advanced apportionment

Base:	\$4,045,502
FTES:	\$27,829,345
Supplemental:	\$10,828,056
Student Success:	\$5,563,402
Hold Harmless:	\$0
Total:	\$48,266,305

We estimate the property taxes and add in enrollment fees, EPA, and FT faculty hiring funds, and the state apportionment (46% of the TCR). The estimated total funding is \$47,854,152, with a deficit factor of .085%.

Greg said the committee should plan on deferrals happening and look at what level of impact the deferrals may have for the next couple of years.

Yesterday the Chancellor's Office posted additional information on their website, and we know now in two weeks we will get another revision.

State Revenues Finance Bulletin was shared. Greg said the forecasts have been very negative. But we are seeing better outcomes than what they thought. However, we are still down 6% from one year ago. It will be hard to predict if there will be revenues that make up for the deferrals, or if we will get fully funded. We can use this information for different planning scenarios and projections for next year.

### **C) Local Budgeting Process Review (PowerPoint)**

Greg explained that there are various reasons that some years we do not use the TCR entirely to do our local budgeting projections for revenues. Often we hear negative assumptions at the beginning of the year, and we know from looking at trends in enrollment that fees go up or down. Greg said he and Jill have discussed that the best estimate to use is the Chancellor's Office advanced report, due to the uniqueness of the present state economy. Overall if we assume revenue is going to be higher than it is, we may run short, if we under estimate, it creates a surplus of funds. The reason underestimates can happen in our revenue is one-time money from the state, which creates extra revenue for just that one year, and this is not predictable. Jill added that lottery dollars are a variable each year. Greg said that EPA and other state funds may be recalculated. Much of this cannot be predicted, and therefore it can be challenging to plan. The Administration presents the annual budget recommendation to the Board, after it has gone through out participatory process. The Board has the authority to question the recommendation and to make changes prior to it being approved, and the Board ultimately is responsible for the District's operating budget and financial resources. The Board knows we have a participatory process and there are a number of other factors that they rely on, such as the 10+1, they rely primarily on the advice of the Academic Senate and for certain policies and procedures. All programs and services recommendations come from VPs and their division administrators to Cabinet. There was in-depth discussion on areas of responsibilities and how they are defined.

#### **Board of Trustees:**

- Provide governance, direction and approval on fiscal management polices
- Provide governance and direction on managing District liabilities
- Review and approve the District's final annual budget
- Receive and review monthly spending report
- Review and approve monthly cash balance reports
- Review and approve requests to increase budgets during the fiscal year
- Review and approve all permanent staffing decisions, and organizational structure changes

The Superintendent/President and Cabinet role is to receive and review recommendations that come from participatory advisory committees and to approve staffing levels in each department and division.

Academic Senates role is to verify that the process is followed on academic staffing recommendations, and advise on certain policies and procedures.

Budget Committee's role is advisory and sends recommendation to College Council. (From Bylaws)

***1. Scope and Function of the Budget Committee***

The role of the Budget Committee is to:

- Inform the College Council on fiscal impact of plans and recommendations.
- Systematically assess the effective use of financial resources and use the results of the assessments as the basis for making recommendations to the College Council.
- Ensure that the budget planning process is timely, accurate, participatory, and comprehensive per the Integrated Planning Manual.
- Assure integration of fiscal planning into the college's participatory planning process, specifically its inclusion in the development of strategic and educational planning.
- Review state budget allocations and their impacts on the college.
- Review tentative and final budgets for reasonableness of budget amounts and underlying assumptions.
- Think from a district-wide perspective.

Fund 11 Budget History spreadsheet:

Year	Fund 11 Revenue	Personnel Costs		Total Costs	Budget Deficit/ Surplus	Ending Fund balance at June 30 (Reserve)	Personnel Cost % of Budget
		(salary, taxes, retirement, benefits)	All other costs (utilities, supplies, etc.)				
2007-08	\$40,015,239	\$35,168,123	\$5,875,437	\$41,043,560	(\$1,028,321)	\$6,658,436	85.68%
2008-09	\$42,347,738	\$35,437,325	\$6,130,208	\$41,567,533	\$780,205	\$7,438,641	85.25%
2009-10	\$41,282,077	\$34,655,714	\$6,651,905	\$41,307,619	(\$25,542)	\$7,413,099	83.90%
2010-11	\$46,745,068	\$37,269,716	\$6,594,637	\$43,864,353	\$2,880,715	\$10,293,814	84.97%
2011-12	\$38,902,902	\$32,697,902	\$6,064,993	\$38,762,895	\$140,007	\$10,433,821	84.35%
2012-13	\$39,139,778	\$32,704,844	\$6,342,048	\$39,046,892	\$92,886	\$10,526,707	83.76%
2013-14	\$41,028,156	\$34,881,813	\$6,637,943	\$41,519,756	(\$491,600)	\$10,037,572	84.01%
2014-15	\$39,795,563	\$33,773,316	\$7,629,430	\$41,402,746	(\$1,607,183)	\$8,430,388	81.57%
2015-16	\$46,013,646	\$36,499,033	\$7,519,613	\$44,018,646	\$1,995,000	\$10,425,388	82.92%

<u>2016-17</u>	<u>\$44,452,929</u>	<u>\$36,868,305</u>	<u>\$7,533,277</u>	<u>\$44,401,582</u>	<u>\$51,347</u>	<u>\$10,476,735</u>	<u>83.03%</u>
<u>2017-18</u>	<u>\$47,045,051</u>	<u>\$39,141,294</u>	<u>\$7,823,632</u>	<u>\$46,964,926</u>	<u>\$80,125</u>	<u>\$10,556,860</u>	<u>83.34%</u>
<u>2018-19</u>	<u>\$49,476,344</u>	<u>\$41,840,706</u>	<u>\$8,268,447</u>	<u>\$50,109,153</u>	<u>(\$632,809)</u>	<u>\$9,924,051</u>	<u>83.50%</u>
				<u>Average</u>			
				<u>Surplus</u>	<u>\$186,235.83</u>		

Sue said on this particular spreadsheet all transfers are not clear, and if we took out the transfers it would be a more realistic number. Greg said in some years there could be surplus money and it could be moved into OPEB. Jill said this spreadsheet is just an historical view, and that each year everything is disclosed, although it may not be detailed on the spreadsheet being presented today, this spreadsheet shows what is left after the transfers happened. Sue Loring said she thinks it is misleading because the extra money has been transferred. Greg said he could change it to state that the discretionary costs may not have had to been spent. Sue agreed that would be a more accurate picture because when you have an optional cost, it doesn't necessarily need to go to the OPEB each year. Joe Wyse said he would also add that we should list one-time dollars because occasionally we receive them, and one-time transfers should also be noted as one-time income because it could still be coming out of Fund 11.

Casey said he would like to review 2013-2014 where we show a deficit after a deposit was made to the OPEB, which is optional, and 2014-2015 shows a \$1.6 million deficit after we deposited \$1.2 million to the OPEB. Sue said there are also transfers into capital outlay that can change these numbers as well. Greg said this topic can be discussed at future meetings and is a Segway into item D on the agenda.

**D) Creating a Plan for OPEB**

Casey said his understanding is that the Budget Committee would create an OPEB Plan for accreditation purposes, and he looks forward to the committee creating such a plan. Sue said she is not aware of any plans like this at Shasta College, but other school budget committees are involved in an OPEB planning. Greg asked if there were any examples from other colleges she could share. Sue Loring said she would send Greg some information. Andy Fields added that the Budget Committees bylaws state that this committee is clearly advisory, and the creation of an OPEB Plan would more than likely be up to the BOT with the recommendation from Cabinet. Greg said he will do some research as well because finding a model would be helpful, and agreed with Andy that the committee could provide a recommendation to the President and Cabinet. Sue Loring said that when a participatory committee makes a recommendation it is carefully considered and usually accepted, and if it is not there is an explanation of why it was not accepted. Greg thanked Casey for bring the information forward on creating this plan.

Casey asked Jill if she was able to collect the data on the inter-fund transfers and actual dollars spend on academic salaries. Jill said she should have it by the next meeting. Andy asked if we have a certain percentage of the budget that we try to stay within on salaries and benefits. Jill said it is 80-85% in education, which is pretty normal in California.

Sue asked if the student population in relationship to the number of employees would influence the percentage, and that it would be interesting to see how much the employee base has increased, or decreased in relation to the student population (Total # of employees each year and total # of FTES each year). Casey said that it would be interesting to look at the percentage of the unrestricted funds that are spent on salaries, looking back over the last decade.

Future Agenda Items

- First numbers on a Final Budget
- Inter-fund transfer data on actual dollars spent on academic salaries.

**OTHER/ANNOUNCEMENTS: None**

**ADJOURNMENT: 4:08 p.m.**

**NEXT MEETING: Sept. 23, 2020**

Recorded by:

*Sherry Nicholas*

Sherry Nicholas  
Executive Assistant  
Administrative Services