



**BUDGET COMMITTEE MEETING**

Wednesday, November 17, 2021

Location (Zoom)

<https://shastacollege-edu.zoom.us/j/93075193438>

2:00-3:30 p.m.

**MINUTES**

**CALL TO ORDER:** The meeting was called to order at 2:01 p.m. by Committee Chair, Jill Ault.

**ROLL CALL:**

X	Jill Ault	X	Andy Fields	X	Crystal Mair		Student Rep.(vacant)
X	Heidi Dias	X	Katie Littlepage	X	Tom Masulis		
X	Darren Gurney		Sue Loring	X	Sam Osborne		

**APPROVAL OF MINUTES:**

November 3, 2021 –

Discussion on recording meetings through Zoom:

Heidi asked how much do we need to capture? Do we need to have a transcript? Jill said we haven't ever really been able to capture everything because we have two or three people talking over each other. It's not necessarily a bad thing to record the meetings. Crystal said Morris had wanted things to be summarized, but if a recording is available now, maybe that's better. Jill said she doesn't have a problem with capturing more, that way Keri or whoever can go back after the fact and not spend as much time trying to remember what was said, especially if Keri is doing two jobs right now. It's not a Brown Act meeting, they're only posted on the website. They are very often used as examples during accreditation since there are certain things the Budget Committee needs to review. For the most part it's the five year plan which wasn't done last year, but we'll start looking at that later this year.

Heidi pointed out a few typos which were corrected. Heidi requested to have one of her comments deleted as she felt it wasn't a clear statement. Andy clarified his comment regarding the base allocation which was corrected in the minutes.

Darren asked about the purpose of the committee, is this more informational rather than a committee that votes or approves items?

Jill said this committee will make a recommendation on the budget in the Spring to move forward to College Council for consideration. Jill said it is slightly different at different colleges, but you're all here representing your constituents and can hopefully take things back to your groups about what is going on with the budget. This committee did make a recommendation a few years ago for Fund Balance and did review the Fiscal Crisis Management Assessment Tool (FCMAT). It was a K-12 document but the committee took time to adapt the questions to help analyze the fiscal health of the District.

Darren said he wanted to make sure he understands his role and the role of the committee.

Jill said there have been people in the past that have wanted to have a stronger voice and make some recommendations. Where it gets complicated is when the committee is asked to make a decision on a metric that influences the budget without the education and awareness.

Several years ago the committee did a Fund Balance study and looked at different colleges and then made a recommendation. We can have projects for looking at trends, but we need to do it from a more educated foundation. It may evolve. What we do today may change in the future. If someone is new to a committee, there will be a learning curve, but they'll still be asked to vote.

Heidi asked about the section in the November 3 minutes regarding the mention of Shasta College receiving around .6% of state budget. Jill confirmed that percentage and said she's trying to track the percentage Shasta College is receiving from the State for one-time and on-going funds this year to see how close we are to the .6% average pre-SCFF.

Andy motioned to approve the November 3, 2021 minutes. Sam seconded the motion to approve with the changes mentioned above and add the spreadsheets that were utilized in the discussion.

The committee discussed the May 5, 2021 minutes. Jill said looking at current committee makeup, there are not enough members on committee from the May meeting to approve the minutes. They will remain unapproved unless there comes a time when the committee can approve with enough 2020-2021 members in attendance.

**PUBLIC COMMENTS:** None

**REPORTS:** None

**DISCUSSION/ACTION:**

**Fifty Percent Law – (“50% Calc”)**

Jill said I wanted to go over the 50% Calc this meeting because it is something that is discussed as part of the audit but not really explained.

The 50% Calc came into existence sometime around the 1970s. It was driven more from the K-12 arena. They wanted to make sure that 50% of the budget was spent in the classroom. There haven't been many changes from the 1970s as to what is and isn't included. There are some items we have now that were not included in budget back then, specifically technology that wasn't a factor 40-50 years ago. Counselors or Librarians are not considered instructional or academic expenses. Expenses can be referred to as on the “wrong” side or the “bad” side of the formula, which is a negative term, but it's really part of the denominator rather than the numerator. We want to capture as much of the positive instructional-type expenses as possible.

Crystal asked when we're looking at this calculation, are we only looking at Fund 11 or all funds? Jill said this is just Fund 11. It's what we're spending our funding formula money on. We also do have other funds that come into Fund 11.

This report is driven by activity and object codes which are set up at the state level. The state uses a four-digit number and we use a five-digit number. We can create a little more definition with that last digit, but the first four are dictated by the state.

The ECSA Column – Instructional Salary Cost is all salary related. The other thing that comes in here is Instructional Service Agreements (ISA). Dual Enrollment, Fire, English through the Redding Library, 5000 object code would not normally be included but it is included for this.

The ECSB Column is all activity codes from 0100-6799. The final column (ECSX) is activity codes 6800-7390 which is things like debt service, direct student aid, etc. It doesn't add up to a lot, it's only \$1,589,318.

The 1100 object code is instructional salaries. The 1300 object code is other part-time faculty and overloads. 2200 is Classified paraprofessionals and the 2400 object code is any classified paraprofessionals with overtime or extra time, or student workers on the instructional side.

You'll see we have \$22.4 million in the numerator and \$44.6 million in the denominator which is pretty close to the 50% mark. Any expenses we have related to retiree health are excluded – instructional or non-instructional come out of this. They are not part of this formula at all.

Other expenses that come out of the calculation and reduce the denominator are listed under "Objects to Exclude." Fund 11 and Fund 12 lottery expenses are excluded so we try not to spend instructional expenses out of lottery funds but rather Extended Ed expenses and utilities.

The total exclusions are at \$3.7 million out of the total with \$1.1 million coming out of instructional. So that gives us a numerator of \$21,349,147 and a denominator of \$40,894,201, putting the calculation at 52.21% for the 2020-2021 fiscal year, which is about average.

Andy asked what happens if we go below 50%? Jill said we have to beg for mercy with the Chancellor's Office and there are times we would have to make up that difference in the following year. If we came in under 50% they could reduce our apportionment the following year.

Andy asked about how close we should be to the 50% mark and the need for a little bit of a cushion in case of different circumstances throughout the year. Jill said we don't want to float in the 50-51% range because there's less room for error. With a total of \$40,894,201 used for the calculation, 1% is \$400,000, which really isn't a lot of money. If something happens that isn't on the instructional side of the formula, for example, a repair on the operational side not covered by insurance, it could swing it below the 50% mark really quickly.

We have more instructional salaries (STRS) in Fund 11 than we do in PERS. Something that has made this more challenging is the PERS/STRS rates that have been climbing over the past several years. If PERS goes up but STRS stays the same, that creates pressure on this. We have to always ask are we taking a budget to the board that would pass the 50% Calc?

Andy asked if you have an administrator funded by categorical funds that goes out on administrative/extended sick leave, does that go into Fund 11? Jill said yes, there have been some instances where the grant does not cover that circumstance so that would move over to the "bad" side of the 50% Calc.

Jill said we had to look at this with the retirement incentive last year. If everyone that wanted to retire was on the instructional side, that would have been challenging.

This is technical and these numbers are really summarized, but this is talked about a lot. Every number on this report is audited and is part of a large report called the Annual 311. Every activity code is reported on a separate page, which the auditors then go through.

Does anyone have questions?

Heidi asked to clarify, the 50% rule is focused primarily on instructional salaries. Jill said they call it what's happening in the classroom. Heidi said that even though supplies are benefits to students, they still aren't counted. Jill said yes, we have to break it down separately but there's no benefit.

Jill said several business officers throughout the state ask the Chancellor's Office at conferences, when they are going to make this formula more relevant. A certain amount of every budget has to be spent on Campus Safety, Technology, etc. Or, let community colleges include counselors and librarians. We spend quite a bit of funds on different Student Services that benefit students but still fall on the "wrong" side.

Andy said so basically we have instructional salaries and then literally everything else. Jill said yes, that's where things like the solar fields help reduce the denominator side. It can be small, but helpful.

Sam said when the 50% law came about, we didn't have the technology expenses that are required today to operate a classroom.

Jill said they issued more guidance on Fund 12 Lottery last year where they expanded to include Basic Needs, allowing grants to students. They also included instructional technology, which hasn't been included in the past. We found out late in the year that we would receive \$300,000 more in funds so we worked with Crystal to charge grants they give to students to the Fund 12 Lottery. We've never been allowed to carryover these funds into a new fiscal year, but the State allowed for carryover due to Covid. A decision had to be made about whether to carryover to 2021-2022 since we'll have more students to serve and they'll still be struggling. That decision had to be made in the summer before the budget could close.

Any other questions?

Crystal said thank you for going over this. Classified has had questions in meetings so it will be nice to be able to share this information. Jill said we talked about it a little in negotiations, most of the classified salaries are on the "wrong" side of the 50% calc. We don't have a lot of instructional paraprofessionals.

On faculty negotiations, not everything is on the "good" side of the 50% Calc either. We have to go back and look to see what the margins are to determine impacts.

Jill asked are there other things you might want to talk about in future meetings?

Heidi suggested the committee go over what goes into audit. She said it was helpful when I was in EOPS to know what the auditors were looking for so I could keep records and maintain files that the auditors needed.

Jill said there's a CDAM Contracted District Audit Manual. The fiscal accountability work group in the Chancellor's Office determines what are going to be the targeted programs to audit. EOPS was an auto annual audit.

(Sam provided the link in chat): <https://www.cccco.edu/-/media/CCCCO-Website/College-Finance-and-Facilities/Manuals/CDAM-Manuals-2021/cdam-2020-21-final-a11y.pdf?la=en&hash=DB3529744B3C57747C76B6F3B98736B584E294A9>

Jill said a big part of what the auditors are looking at isn't always financial. Sometimes it's student outcomes or how records are kept.

Anything else?

Heidi said it would be helpful to go over the budget timeline as a committee, when we receive information, when decisions have to be made. Also, going over the Bond debt services, capital outlay, investments, etc. There have been questions in the past on why these continue to be funded. Jill said I think most people have questions about OPEB and Capital Outlay. We can add this to future agendas.

If you think of anything else, let me know.

Jill said I want to work on transparency and education. I want to make more resources available on the Administrative Services and Budget Committee webpages.

We will go over the calendar at the next meeting since it goes to the Board in January. We worked on expanding it last spring to include more information.

**OTHER/ANNOUNCEMENTS:**

**ADJOURNMENT: 2:57 p.m.**

**NEXT MEETING:**

Wednesday, December 1, 2021 at 2:00 p.m.

Recorded by:

*Keri Mathews*

Keri Mathews  
Executive Assistant  
Administrative Services

For Actual Year: 2020-2021

Budget Year: 2021-2022

District ID: 170

Name: SHASTA-TEH-TRI

	Object Code	Activity (ECSA)	Activity (ECSB)	Activity (ECSX)	
		ECS 84362 A	ECS 84362 B	Excluded	
Academic Salaries		Instructional Salary Cost	Total CEE	Activities	
		AC 0100-5900 & AC 6110	AC 0100 - 6799	AC 6800 - 7390	Total
<b>Instructional Salaries</b>					
Contract or Regular	1100	10,802,414	10,802,414	110,646	10,913,060
Other	1300	4,393,216	4,393,216		4,393,216
<b>Total Instructional Salaries</b>		15,195,630	15,195,630	110,646	15,306,276
<b>Non-Instructional Salaries</b>					
Contract or Regular	1200		3,305,759		3,305,759
Other	1400		214,990		214,990
<b>Total Non-Instructional Salaries</b>		0	3,520,749	0	3,520,749
<b>Total Academic Salaries</b>		15,195,630	18,716,379	110,646	18,827,025
<b>Classified Salaries</b>					
<b>Non-Instructional Salaries</b>					
Regular Status	2100		7,804,135	737,476	8,541,611
Other	2300		426,588	804	427,392
<b>Total Non-Instructional Salaries</b>		0	8,230,723	738,280	8,969,003
<b>Instructional Aides</b>					
Regular Status	2200	670,983	670,983		670,983
Other	2400	502,405	502,405		502,405
<b>Total Instructional Aides</b>		1,173,388	1,173,388	0	1,173,388
<b>Total Classified Salaries</b>		1,173,388	9,404,111	738,280	10,142,391
<b>Employee Benefits</b>	3000	5,898,091	11,951,666	381,345	12,333,011
<b>Supplies and Materials</b>	4000		461,314	193,478	654,792
<b>Other Operating Expenses</b>	5000	190,183	4,116,211	165,569	4,281,780
<b>Equipment Replacement</b>	6420				0
<b>Total Expenditures Prior to Exclusions</b>		22,457,292	44,649,681	1,589,318	46,238,999

SUPPLEMENTAL DATA

S11 GENERAL FUND - UNRESTRICTED SUBFUND

For Actual Year: 2020-2021

Budget Year: 2021-2022

District ID: 170

Name: SHASTA-TEH-TRI

		Activity (ECSA)	Activity (ECSB)	Activity (ECSX)	
		ECS 84362 A	ECS 84362 B	Excluded	
		Instructional Salary Cost	Total CEE	Activities	
Exclusions		AC 0100-5900 & AC 6110	AC 0100 - 6799	AC 6800 - 7390	Total
<b>Activities to Exclude</b>	<b>TOP Code</b>				
Instructional Staff-Retirees' Benefits and Retirement Incentives	5900	1,108,145	1,108,145		1,108,145
Student Health Services Above Amount Collected	6441				0
Student Transportation	6491				0
Noninstructional Staff-Retirees' Benefits and Retirement Incentives	6740		1,036,677		1,036,677
<b>Objects to Exclude</b>	<b>Object Code</b>				
Rents and Leases	5060		217,858	1,030	218,888
Lottery Expenditures					
Academic Salaries	1000		130,180		130,180
Classified Salaries	2000		246,420		246,420
Employee Benefits	3000		137,362		137,362
Supplies and Materials	4000				
Software	4100				0
Books, Magazines, & Periodicals	4200				0
Instructional Supplies & Materials	4300		138		138
Noninstructional, Supplies & Materials	4400		1,295		1,295
Total Supplies and Materials		0	1,433	0	1,433
Other Operating Expenses and Services	5000		877,038		877,038

For Actual Year: 2020-2021

Budget Year: 2021-2022

District ID: 170

Name: SHASTA-TEH-TRI

		Activity (ECSA)	Activity (ECSB)	Activity (ECSX)	
		ECS 84362 A	ECS 84362 B	Excluded	
	Object	Instructional Salary Cost	Total CEE	Activities	
	Code	AC 0100-5900 & AC 6110	AC 0100 - 6799	AC 6800 - 7390	Total
Capital Outlay	6000				
Library Books	6300				0
Equipment	6400				
Equipment - Additional	6410		367		367
Equipment - Replacement	6420				0
Total Equipment		0	367	0	367
Total Capital Outlay		0	367	0	367
Other Outgo	7000				0
<b>Total Exclusions</b>		1,108,145	3,755,480	1,030	3,756,510
<b>Total for ECS 84362, 50% Law</b>		21,349,147	40,894,201	1,588,288	42,482,489
<b>Percent of CEE (Instructional Salary Cost / Total CEE)</b>		52.21%	100.00%		
<b>50% of Current Expense of Education</b>			20,447,100		
<b>Nonexempted (Remaining) Deficiency from second preceeding Fiscal Year</b>					
<b>Amount Required to be Expended for Salaries of Classroom Instructors</b>		21,349,147	40,894,201	1,588,288	42,482,489
<b>Reconciliation to Unrestricted General Fund Expenditures</b>					
<b>Total Expenditures Prior to Exclusions</b>		22,457,292	44,649,681	1,589,318	46,238,999
<b>Capital Expenditures</b>	6000	38,675	1,065,423	50,893	1,116,316
<b>Equipment Replacement (Back out)</b>	6420		0	0	0
<b>Total Unrestricted General Fund Expenditures</b>		22,495,967	45,715,104	1,640,211	47,355,315