



BUDGET COMMITTEE MEETING

Wednesday, August 31, 2022

Location (Zoom)

<https://shastacollege-edu.zoom.us/j/85129238442>

2:00-3:30 p.m.

MINUTES

Approved on: 09/21/22

ROLL CALL:

X	Jill Ault	X	Darren Gurney	X	Elsa Gomez	X	Student Rep. Ryder Yannello
X	Tim Johnston	X	Tom Masulis	X	Kathleen Littlepage		
X	Sam Osborne	X	Rob McCandles	X	Heidi Loftus		

Guests: Laura Ecklin, Taryn Roberts, and Angie Yannello

- 1. CALL TO ORDER:** The meeting was called to order at 2:03 p.m. by Committee Chair, Jill Ault

INTRODUCTIONS: New members: Heidi Loftus, and Ryder Yannello. Angie Yannello subbing EA position, previously filled by Sherry Nicholas

- 2. APPROVAL OF MINUTES:** May 4, 2022 - (Katie Littlepage) motioned to approve minutes, seconded (Ryder Yannello), motion passed, 2 abstentions/no objections

- 3. PUBLIC COMMENTS:** None

4. REPORTS:

- 22-23 Enacted Budget Joint Analysis Report (posted on Shasta College (SC) Budget Committee Website)
- 22-23 Comparison Tentative to Final Budget Worksheet (attached)

- 5. DISCUSSION/ACTION ITEMS:** (Jill Ault)

A) Key Features of 2022-23 State Budget:

Chancellor’s office and the State adopted budget in June looked different than the May revise they provided. The May revise is the most current information we have. This budget meeting today is the only meeting we have a chance to be at before College Council views the budget, in the second week of September, and before it goes to Board.

Would like to focus today on the key changes to the 2022-23 ACBO Budget Report. The Enacted budget reflects a total increase of \$45 billion from the 2021-22 year. Community College system is a small portion of the entire state budget. Prop 98 funds K-14 education.

Proposition 98 funding breakdown:

- 1.9 billion – on going adjustments to SCFF (Student Centered Funding Formula)
- 2.1 billion – one time funding
- 6.56% COLA added to tentative budget (\$558 million to the system in total)

In response to inflation there was an increase to the base funding. Increased money to funding formula, funded part time faculty health insurance with an increase of \$200 million, increased the student success completion grants. These increases are what really impacted Fund 11/ unrestricted funds, the most. Deferred maintenance has \$840.7 million. Last year we received \$3.5 million, this year our share of the \$840.7 is \$7.3 million, these funds are extremely restrictive on what they can be used for, approved to supplement some of the Bond projects.

District Block grant, referred to COVID Block Grant. With this grant there is no time limit and a broad spending allowance. The spending is broad however, the state and Chancellor's Office did prioritize on what the monies need to be spent on. Money is prioritized for student reengagement and reenrollment. Shasta College (SC) has not received their share of the Block Grant, which is expected to be around \$3.9 million. These funds are projected to last 5-6 years, to have a greater impact on student reengagement and reenrollment. \$150 million for retention and reengagement is a carryover from the prior year along with common course numbering. For a more detailed view, this document will be made available on the SC Budget Committee website. This information is a summary of the differences from the tentative budget.

Explanation on how COLA is applied: The state approves a COLA to the Community College System which applies to the rates in the funding formula, (SCFF), 6.56% applied to all the different rates funded. Another portion of the formula is for Student Success Metrics, we receive funding for how many Associate degrees and Degrees for Transfer, CTE credits, etc. Challenge is, Fund 12 is our restricted fund, and any Grant is accounted for in Fund 12. Most categoricals only received a 5% COLA. Employees have received a larger COLA than what the program gets which means less dollars are available, we need to be mindful of that going forward.

June Chancellor's Office Update - COVID Hold Harmless Funding Formula. Our enrollment is still currently 15% below where we were in 2019-20. COVID Hold Harmless lasted for 2 years, at the May revise the state said we would be funded at our current 2022-23 enrollment numbers. In June the Chancellor's Office created Emergency Conditions Allowance. Emergency Conditions Allowance is similar to past COVID Hold Harmless but with more strings attached. The state said they would secure funding for another year if we could meet qualifications. We need Board approval and need to submit Emergency Conditions Recovery Plan to the Chancellor's Office by tomorrow, 09/01/22. This information was presented at the Board retreat a few weeks ago and submitted to the Chancellor's Office today. Part of the application was how to show how we would keep the Board engaged in the process. Complete plan will be updated, with Board approval, by February 2023. More updates to come after Reserve Policy meeting with the Chancellor's Office in September. Chancellor's Office is requesting stronger reserve policies for the Districts. GFOA Policies (Government Finance Officers Policy) states that Government agencies are to have 2 months of cash reserves; 8.33% is one month and 16.7% for 2 months, for both Fund 11 & 12. Shasta College has been successful at getting larger grants and many of the state funded programs allow for carryover funds. Estimated carryover in Fund 12 is \$12 million this year. We don't want to tie up more of Fund 11 and would prefer use carryover to cover the required reserves in Fund 12. Ed Code states 5% reserves, our Board has a policy requires another 5%. However, 10% is not going to get us through a situation where the Chancellor's Office cuts off our funding, like they did a few years ago. And will not meet the minimum required. When we presented/prepared the tentative budget in June the budget was

balanced. The state adopted the budget, at the end of June and it brought more funding in. Enough funding was brought in that we can now meet the Chancellor's Office requirements. *Tentative to Final Budget Worksheet* shared as an easier way to share the details.

B) 2022-23 FINAL BUDGET – SHASTA COLLEGE: 22-23 Comparison of Tentative to Final

Tentative to Final Budget: Don't anticipate any changes to the 2021-22 year but we are not closed yet, could be something minor not anticipating anything major. Activity in Fund 12 has an indirect/administrative cost allowance that we can claim to help fund: HR, Business Office, and IT, we have always accounted for this into Fund 11. More schools are accounting for all money in a new account in Fund 12. Revenue and associated expenses were moved to Fund 12. We want to be able to support new grants and keep supporting our traditional existing grants and unrestricted funds. State revenue went up \$2.2 million from tentative. Total revenue at tentative budget was \$58.3 million, revenue at final budget is estimated at \$60.5 million. Currently have about (80) positions, on campus, in recruitment. Many employees have transferred from Fund 11 to Fund 12, this is a big part of why the Classified budget it quite a bit less.

Budget Lines:

- Employment taxes and benefits have gone up. District share for STRS is 19.1%, for PERS 25.37%.
- No new money from Fund 11 to fund OPEB Trust
- Supplies/Instruction & Non Instruction, not a big change
- Software fees big contributing difference, no longer an equipment cost
- Some savings in utilities with solar
- Expecting 60-70% PG&E Natural Gas increase winter 2022-23

Debt Service and Transfer to Another Fund. We transfer out around \$420,000 to cover Debt Service in the lease revenue bonds, about 8 more years left of Debt Service. Transfer to Another Fund: Measure H Bond was passed in 2016, issuance included \$8.5 million, used to pay off old debt that had higher interest rate. Board agreed to fund Capital Outlay projects for life that debt service, roughly \$600,000/annually. Transfers from Fund 11 to Fund 36 (auxiliary fund), another \$150,000 transferred to Capital Outlay, that's the \$200,000 increase. Historically, 4% of budget is not spent (discount factor). The past couple of years our actual expenses have been unrealistic due to COVID, our income has not matched enrollment numbers and less has been spent on instructional materials and very little travel occurred. Discount factor decreased from 5.5% to 4.5% at Final. Projected expenses of \$58.3, with a net income of \$ 2.2 million. Ending fund balance at Tentative is \$11,938,704, at Final \$14,559,614. Hoping that the argument with the Chancellors Office is successful and we can use deferred revenue.

To communicate to the Chancellor's Office that we are increasing and stabilizing our reserve policy the proposed minimum reserve of 17% (2 months of emergency reserves) for Fund 11. In alignment with the State budget, 3% budget stabilization and 5% reserve for economic uncertainty have been proposed for a total of 25%. This will go to Board for discussion in September: This would increase out fund balance to \$14.5 million.

SCFF increased to \$57 million at final, including Emergency Conditions Allowance. SCFF funding comes from the following sources A deficit factor on the SCFF of 1.5% was included to cushion against reduced availability of funds from the State. Money streams that fund the funding formula include; full time faculty hiring, EPA (Education Protection Act), Property Tax, Home

Owners and Timber Tax, and 98% of enrollment fees. This is our primary operating budget, unrestricted Fund 11.

Restricted Fund 12 Proposed 2022-23 Budget: For the last (2) years the California Lottery has been over \$1.3 million each year, this is a big increase to the funding formula. Fund 12 proposed budget \$39,000, a big part of this is the K16 Collaborative Grant. \$4.8 million HEERF Federal Stimulus monies to be spent by June 30, 2023.

Operating Funds:

- Fund 34 - Revenue Fund (benefited from Federal Stimulus). Expecting more activity which will drive more income. Income derived from: Food Services, Starbucks, Dorms, Bookstore, etc.
- Fund 36 - Auxiliary Revenue Fund (Harvest Fest, Athletic Auction, and smaller activities)
- Fund 41 - Capital Outlay Fund, funds set aside for larger capital items
- Fund 43 - Bond Expense, spend these monies down
- Fund 71 - Student Senate, beginning fund balance \$264,000 (accumulated net income for past 20 years.), \$48,000 of revenue, mostly from student activity/ID cards, spent \$5,600, ending fund balance \$307,078
- Fund 72 - Student Rep Fee - \$2 (split with state)
- Fund 74 - Student Financial Aid Fund, (broken down by: Federal, State and Local) Student portion allocated out of 2021-22. Received an additional allocation of HEERF for Student Aid and Institutional, \$950,000 each. Financial Aid has a plan to disperse these monies, to be spent by 06/30/23. Roughly \$19 million has come in from HEERF and dispersed out directly for Student Aid.
- Fund 75, Scholarships awarded through Financial Aid Process and Loans/Endowment is invested.

Motion to take this recommended budget to the College Council Meeting on 09/06/22, motioned (Ryder Yannello), Seconded (Tim Johnston). All in favor, motion passed.

All this information will be available on the Budget Committee website.

C) PROJECTED ACTUALS AND ENDING BALANCES 2021-22 (Discuss at next meeting on 09/07/22)

6. **OTHER:** Think about other topics you would like to discuss at our future meetings. Anytime you have a question please reach out directly to Jill Ault or email the group.
7. **ANNOUNCEMENTS:** None
8. **ADJOURNMENT:** Meeting adjourned 3:30p.m.
9. **NEXT MEETING:** September 7th, 2:00 – 3:30p.m. (Zoom)

Minutes recorded by:

Angie Yannello
Sub Executive Assistant
Administrative Services

**Unrestricted Budget Comparison
Tentative to Final Budget
2022/2023**

Fund 11

	Tentative Budget	Proposed Budget	
Estimated Beginning Fund Balance 7/1/2022	\$ 11,851,993	\$ 12,358,379	
INCOME			
Forest Reserve Fund	\$ 60,000	\$ 60,000	
Miscellaneous (Adm. Fees, Federal Projects)	174,344	900	
	<u>\$ 234,344</u>	<u>\$ 60,900</u>	\$ (173,444)
State Apportionment	\$ 23,969,386	\$ 24,136,139	
PY Apportionment Adjustment	-	-	
Educational Protection Act	7,500,000	10,000,000	
California College Grants (BOG)	125,000	91,429	
California College Promise	115,000	173,579	
Full time Faculty	1,000,000	996,646	
Part-time Faculty	207,000	220,556	
Part-time Faculty Office Hours	55,000	55,000	
Home Owners Exemption - All Counties	252,852	252,852	
Timber Tax Receipts	131,773	131,773	
Lottery	1,000,000	1,200,000	
Mandated Cost Block Grant	200,000	200,000	
Miscellaneous: Adm. Fees, State Projects	737,068	120,000	
	<u>\$ 35,293,079</u>	<u>\$ 37,577,974</u>	\$ 2,284,895
Property Taxes	\$ 20,364,503	\$ 20,364,503	
Contract Education	20,000	20,000	
Sales	24,000	24,400	
Rentals and Leases (Facilities)	60,000	60,000	
Interest	94,500	94,500	
Community Education	130,000	130,000	
Enrollment Fees	1,117,500	1,250,000	
Non-Resident Tuition	610,000	610,000	
Student Fees and Charges	231,820	272,120	
Miscellaneous Local Income	118,900	45,200	
	<u>\$ 22,771,223</u>	<u>\$ 22,870,723</u>	\$ 99,500
Interfund Transfers In	\$ -	\$ -	
Other Income	2,500	2,500	
	<u>\$ 2,500</u>	<u>\$ 2,500</u>	\$ -
	<u>\$ 58,301,146</u>	<u>\$ 60,512,097</u>	\$ 2,210,951

**Unrestricted Budget Comparison
Tentative to Final Budget
2022/2023**

Fund 11

	Tentative Budget	Proposed Budget	
Instructional Contract	\$ 12,034,962	\$ 12,037,552	
Non Instructional Contract	1,141,150	1,150,012	
Academic Administrators	3,052,524	2,996,098	
Instructional Hourly	5,300,000	5,300,000	
Non Instructional Hourly	197,544	188,297	
	<u>\$ 21,726,180</u>	<u>\$ 21,671,959</u>	\$ (54,221)
Non Instructional Contract	\$ 7,695,877	\$ 7,487,568	
Instructional Aides Contract	893,576	945,547	
Classified Management/Supervisory/Confidential	3,351,733	3,318,450	
Non Instructional Hourly	912,241	779,206	
Instructional Aides Hourly	215,403	207,803	
Students Hourly	556,802	564,402	
	<u>\$ 13,625,632</u>	<u>\$ 13,302,976</u>	\$ (322,656)
STRS - State Teachers Retirement	\$ 3,891,117	\$ 3,852,565	
PERS - Public Employees Retirement	3,505,868	3,341,855	
Social Security & Medicare	1,442,506	1,379,364	
Medical/Dental/Vision/Life Insurance	3,422,636	3,384,857	
Unemployment Insurance	176,836	171,890	
Workers Compensation Insurance	466,496	443,340	
Retirees Health Benefits	2,500,000	2,500,000	
	<u>\$ 15,405,460</u>	<u>\$ 15,073,871</u>	\$ (331,589)
Instructional	\$ 247,363	\$ 248,378	
Non-Instructional	1,008,356	970,956	
	<u>\$ 1,255,719</u>	<u>\$ 1,219,334</u>	\$ (36,385)
Dues and Memberships	\$ 189,784	\$ 189,834	
Insurance	593,760	594,308	
Legal and Professional Services	384,000	384,000	
Election	110,000	110,000	
Interest			
Postage	125,202	125,702	
Staff Development, Travel, and Conference	353,068	320,446	
Building and Equipment Rental/Leases	274,309	191,309	
Personal/Consultant Services	294,662	284,662	
Repairs	415,662	398,762	
Utilities/Electricity/Gas/Water/Waste/Telephone	1,280,901	1,317,726	
Service Fees/Other Charges	1,481,636	1,416,313	
Software Licenses < 1 yr	157,483	1,522,023	
Advertising, Printing, and Misc. Operating	623,302	645,460	
Field Trips (Classroom Related, Athletics)	371,474	371,474	
Other Categorical Expenses			

**Unrestricted Budget Comparison
Tentative to Final Budget
2022/2023**

Fund 11

	Tentative Budget	Proposed Budget	
Operating Backcharges	(233,258)	(233,258)	
	\$ 6,421,985	\$ 7,638,761	\$ 1,216,776
Site Development	\$ -	\$ -	
Building Improvement	3,000	3,000	
Library Books	-	-	
Software License and Maintenance > 1 yr	1,359,015	-	
Equipment	653,014	763,911	
	\$ 2,015,029	\$ 766,911	\$ (1,248,118)
Interfund Transfers (Debt Service)	\$ 419,277	\$ 419,277	
Interfund Transfers (Other Funds)	618,889	850,000	
Transfer to PARS Trust	-	-	
Student Aid	7,200	7,200	
Debt Principal and Interest	107,206	107,206	
	\$ 1,152,572	\$ 1,383,683	\$ 231,111
Total Expenditures	\$ 61,602,576	\$ 61,057,495	\$ (545,082)
Discount Factor @ 4.5% (see Note below)	\$ (3,388,142)	\$ (2,747,587)	\$ 640,554
Estimated One Time Federal Stimulus	-	-	
Projected Expenditures	\$ 58,214,435	\$ 58,309,907	\$ 95,473
Net Income/(Loss)	\$ 86,711	\$ 2,202,190	\$ 2,115,479
Ending Fund Balance	\$ 11,938,704	\$ 14,560,569	\$ 2,621,865
	20.5%	25%	

Budgets are created using conservative estimates which will tend to overestimate expenses. A "discount factor" using the past 5 year actual to budget is being used to provide a more realistic estimate for expenses and the ending fund balance.

FUND BALANCE			
17% Minimum Reserve Requirement	2,910,722	9,906,853	
3% Reserve for Budget Stabilization	2,910,722	1,743,466	
5% Reserve for Economic Uncertainty	6,117,261	2,910,249	
Unrestricted Fund Balance Total	\$ 11,938,704	\$ 14,560,569	\$ 2,621,865

	22/23 Tentative Budget	22/23 Proposed Budget	
TCR	\$ 53,958,012	\$ 57,345,000	\$ 3,386,988
Deficit Factor 1.5%	(269,790)	(860,175)	
Full Time Faculty Hiring	(374,558)	(374,558)	
EPA	(7,500,000)	(10,000,000)	
Prop Tax	(20,364,503)	(20,364,503)	
HO & Timber Tax	(384,625)	(384,625)	
Enrollment fees collected @ 98%	(1,095,150)	(1,225,000)	
General Apportionment	\$ 23,969,386	\$ 24,136,139	