



**BUDGET COMMITTEE MEETING**

Wednesday, January 18, 2023

Location (Zoom)

<https://shastacollege-edu.zoom.us/j/88985983695>

3:00-4:00 p.m.

**APPROVED MINUTES**

**ROLL CALL:**

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

Guests: Ioanna Iatridis, Mimi Koh, Keri, Mathews, and Angie Yannello

**1. CALL TO ORDER:** The meeting was called to order at 3:00 p.m. By Committee Chair, Jill Ault.

**2. APPROVAL OF MINUTES:**

- December 7, 2022 – (Ryder Yannello) motioned to approve minutes, seconded (Tom Masulis), motion passed, no abstentions/objections.

**3. PUBLIC COMMENTS:** None

**4. REPORTS:**

**A) 2022 Budget to Actual Report - November (actual) / December (draft) - (Attachment A)**

**Fund 11:** Jill advised that she would like to review the most current Budget to Actual Report, it's important to look at the trends and see where we will end the year. This report goes to the Board every month. The pandemic years skewed how, and when, we were spending money. 2021 was the most skewed year of operations and 21-22 was also impacted by the HEERF (Higher Education Emergency Relief Fund) monies.

Jill went on to say there has been a significant increase in lottery dollars and the state is anticipating additional increases to these funds. The District is limited on what these dollars can be spent on. One of the primary things we can use the unrestricted lottery funds on are instructional supplies.

It was explained how insurance and software expenses are frontloaded at the beginning of the year, everything else is spent mostly equal throughout the year. Currently, the District is tracking a little above where we were last year, due to more students on campus and more activities, which increases costs. These operating expenses were budgeted in Fund 11.

**Fund 12:** All the same rules apply as in Fund 11 however you can see spikes in Fund 12, as new grants and funding streams come in, these are things you don't typically see in Fund 11.

Heidi requested a copy of the Budget reports. Jill advised that they can always be found in the Board Agenda on BoardDocs. Angie will also send out copies with the Budget Committee Minutes.

## 5. DISCUSSION/ACTION ITEMS:

### A) 2023-24 Budget Development Timeline (Calendar) – (Attachment B)

Jill shared the 23-24 Annual Budget Development Calendar. The items highlighted in green show when the state provides information to Districts. Last week the Governor released his Budget Proposal, which is required to be out by January 10<sup>th</sup> of each year. A lot of negotiations happen, at the state level, between January and the May Revise. When the May Revise is released, and after all the views to Budget Committee, there is no time to incorporate changes to the tentative budget before the Board reviews in early June. The Tentative Budget has to be approved by our Board before June 30<sup>th</sup> or we can't spend any money starting July 1<sup>st</sup>.

The state changed a law in mid-2000, requiring that a budget had to be adopted by June 30<sup>th</sup> or legislators don't get paid. In July and August our District incorporates any changes from the State's Final Budget to what was presented to the Board in June, this becomes the Districts final budget. Jill explained the challenge is that when Budget Committee Meetings resume again in late August, all these updates are already in place. Jill mentioned that she wants to make sure any significant changes, from June – September, are communicated to the Budget Committee so that when the Committee meets again in August this information can be discussed. The District has to stay within these timelines, starting our budget before the Governor's Proposal wouldn't make sense.

### B) 2023-24 Governor's Proposed Budget – (Attachment C)

Jill explained how ACBO (Association of Chief Business Officials) and ACCCA (Association of California Community College Administrators) work with the Chancellor's office to create a joint analysis. School Services of California send out updates with information on new bills and laws. The update regarding the Economic Outlook was sent on 01/10/23. They projected a \$22.5B shortfall due to the underperformance of state revenues. The state is protecting themselves from this shortfall by pulling back some money from previously allocated funding. The state is also proposing an 8.13% COLA. This COLA is anticipated to be paid from state revenues, pulling back funds distributed in the current budget year and using some of the state reserves.

For this year the Prop 98 Guarantee was so high, that the state was able to put money into the stabilization reserve. K12 and Community Colleges enrollments are declining overall. Because of this decline in enrollment, schools are earning less money and there is more funds available in the formula.

For this current year, the statewide Community College system allocated \$840M to Deferred Maintenance, of this amount Shasta College was allocated around \$7.5M, it was mentioned that 25% of this will be taken back by the state. Ryder questioned how the Deferred Maintenance will affect the budget and how likely this is to happen? Jill answered that it would be impactful on Bond projects and facility updates. Jill also shared that based on the Budget Workshop, going on today, and from what she has heard from other Districts there is a big push to apply any surplus of funding from the 22-23 year to Deferred Maintenance. Nothing is guaranteed until a budget is passed on June 30<sup>th</sup>. One of the highest priorities, at this time, is to fund the COLA.

Jill shared a Prop 98 graph, illustrating "One-Time" and "Ongoing" funding for both 22-23 and 23-24 years. For the current 22-23 the state said we are going to allocate \$1.9B to "Ongoing" and \$2.1B to "One-time". Jill said, this looks like the state doesn't have confidence that the revenue is going to continue. For 23-24 funding, all the new money will be given as "On-Going" as that will be more sustainable. Tom asked how the absolute number is smaller, however the COLA is bigger. Jill advised that in 22-23 a COLA was applied to the funding formula and increased the base funding. The base increase was to help Districts relying on the hold harmless.

**C) 2023-24 Projected Student Centered Funding Formula (SCFF)**

Jill shared a document she created called "Exhibit C". This document explains how the SCFF (Student Centered Funding Formula) is calculated. More details on this document can be found on the Chancellor's Office website. Jill explained how for years: 20-21, 21-22, and 22-23 the FTES numbers did not change due to Emergency Conditions Allowance and COVID Hold Harmless provisions. For the Shasta College funding formula it was originally budgeted at \$57.5M, we are now down to \$57.265M. If we were under performing in the funding formula our SCFF Hold Harmless would be \$49.622M, however we are doing well and because of the Emergency Conditions Allowance and the COVID Hold Harmless we are protected at a higher level. Jill advised that she is confident, based on all the calculations, the funding for 22-23 will be \$57,265,425M. We made an assumption in the final budget that there would be deficit factor from the State of 1.5%. As of today the state is not anticipating a deficit factor so we should still be above where we budgeted.

Shasta College is anticipating a 3% growth in enrollment for 23-24. In 23-24 our calculated SCFF is \$60.1M, plus COLA it would be \$61.9M. In 24-25 year, assuming a 4% growth in enrollment plus an estimated 3% COLA increase, calculation would be at \$60M. Jill advised how it will be really important to drive enrollment in 23-24 to get the best benefit in 24-25.

Our District will be heavily dependent on our SCFF in 24-25. We will really have to manage our 320/FTES (Full Time Equivalent Students) reporting as this will really impact going forward. Jill said she doesn't like to go beyond 24-25 because that leads to much assumptions and speculations. Jill let the committee now that we can continue to go over this information to better understand the mechanics for 23-24 and 24-25. It will be really important to keep monitoring this so we can receive the most benefit.

**D) Future Agenda Topics** – Jill asked if there were any items that would like to be discussed in the spring, nothing was mentioned.

**6. OTHER:**

- Jill suggested that it would be easier to have these meetings in person, numerous committee members agreed to this suggestion. Angie will look for availability of space, on campus, to hold future in person meetings.
- Angie will send out the Final 2023\_Joint Analysis Governors Budget and post it on the Budget Committee website.

**7. ANNOUNCEMENTS:** None

**8. ADJOURNMENT:** 3:56 p.m.

**9. NEXT MEETING:** February 15, 2023 - 3:00-4:30pm (*In person – Room 2150*)

Minutes Recorded By:  
*Angie Yannello*  
Sub Executive Assistant  
Administrative Services

**Shasta College**  
**Budget to Actuals - Year to Date as of November, 2022**  
**Fund 11 - Unrestricted General Fund**

41.67% of year complete

	2020/21 Expenditures	% of Budget	2021/22 Expenditures	% of Budget	2022/23 Expenditures	% of Budget
<b>Instructional</b>						
Academic Instructional	4,245,756	39.72%	4,684,541	38.61%	4,465,309	37.09%
Academic Administrators	1,018,148	46.83%	1,222,396	49.19%	1,166,888	38.95%
Academic Non Instructional Contract	420,392	48.69%	468,387	44.88%	478,522	41.61%
Instructional Hourly	1,899,406	38.60%	2,388,113	43.59%	2,569,435	48.48%
Non Instructional Hourly	73,470	42.48%	90,771	46.46%	82,941	44.05%
<b>Classified</b>						
Classified Contract	2,607,310	38.80%	2,737,284	35.75%	2,828,464	37.78%
Instructional Aides Contract	271,222	38.78%	350,808	40.67%	363,813	38.48%
Classified Management	1,167,616	40.52%	1,237,157	38.77%	1,474,142	44.42%
Non Instructional Hourly	222,881	35.81%	456,698	62.58%	350,557	44.99%
Instructional Aides Hourly	90,994	49.76%	117,381	50.49%	78,128	37.60%
Student Hourly	76,612	17.73%	91,291	21.11%	146,597	25.97%
<b>Benefits</b>						
STRS	986,200	31.86%	1,107,396	34.59%	1,259,355	32.69%
PERS	912,779	39.10%	1,029,460	33.53%	1,323,370	39.60%
Social Security and Medicare	457,084	43.45%	531,149	38.98%	554,170	40.18%
Health Insurance	1,236,136	38.53%	1,187,541	37.35%	1,240,742	36.66%
Unemployment Insurance	113,864	41.82%	20,833	41.67%	66,382	38.62%
Workers' Comp Insurance	200,165	45.95%	208,237	33.98%	209,619	47.28%
Retirees Health Benefits	1,321,766	53.95%	881,688	35.27%	1,450,033	58.00%
<b>Supplies</b>						
Instructional	151,373	57.41%	77,617	40.73%	116,130	46.42%
Non Instructional	386,053	47.34%	434,665	50.74%	460,016	46.81%
<b>Operating Expenses</b>						
Insurance	448,500	88.03%	507,020	93.00%	508,816	82.96%
Building and Copier Leases	76,222	53.79%	79,001	27.16%	73,717	55.57%
Repairs	152,414	47.22%	199,656	58.34%	164,296	44.68%
Utilities / Telephone	465,485	37.54%	446,130	43.71%	537,732	40.78%
Service Fees / Other Charges	305,997	27.41%	426,224	32.63%	587,061	38.91%
Software	920,886	77.36%	1,025,026	100.00%	1,149,660	78.54%
Other Operating Costs (Advertising, Printing, Staff Development, Audits, Dues, Election, Postage, etc.)	504,005	27.71%	948,503	52.14%	1,079,272	49.47%
<b>Capital Outlay</b>						
Site Improvement	-	0.00%	-	0.00%	-	0.00%
Building Improvements	-	0.00%	-	0.00%	-	0.00%
Library Books	-	0.00%	-	0.00%	-	0.00%
Equipment	52,215	8.53%	117,131	18.67%	297,992	36.28%
<b>Other</b>						
Debt Retirement	-	0.00%	-	0.00%	-	0.00%
Student Aid	1,330	14.41%	1,904	20.63%	3,159	43.88%
Interfund Transfers	143,750	15.55%	37,589	3.45%	33,639	2.69%
PARS	-	0.00%	-	0.00%	-	0.00%
<b>Totals</b>	<b>20,930,031</b>	<b>40.03%</b>	<b>23,111,597</b>	<b>40.10%</b>	<b>25,119,957</b>	<b>41.14%</b>

**Shasta College**  
**Budget to Actuals - Year to Date as of November, 2022**  
**Fund 12 - Restricted General Fund**

41.67% of year complete

	2020/21 Expenditures	% of Budget	2021/22 Expenditures	% of Budget	2022/23 Expenditures	% of Budget
<b>Instructional</b>						
Academic Instructional	839,708	55.59%	335,788	33.65%	355,565	42.45%
Academic Administrators	358,190	41.21%	318,017	36.39%	456,843	30.93%
Academic Non Instructional Contract	671,462	48.30%	645,130	48.49%	708,470	43.02%
Instructional Hourly	264,355	83.04%	30,933	27.73%	71,079	45.55%
Non Instructional Hourly	428,115	53.83%	261,388	37.49%	310,220	39.76%
<b>Classified</b>						
Classified Contract	944,201	44.20%	870,543	40.49%	935,744	31.70%
Instructional Aides Contract	44,464	39.96%	52,788	34.39%	54,456	37.82%
Classified Management	665,111	33.28%	699,408	45.63%	1,270,414	28.56%
Non Instructional Hourly	100,581	29.69%	120,820	28.33%	140,657	27.41%
Instructional Aides Hourly	53,776	40.01%	63,793	44.51%	82,372	29.37%
Student Hourly	47,343	10.06%	42,275	7.80%	324,537	59.01%
<b>Benefits</b>						
STRS	294,243	58.10%	216,187	41.60%	287,903	34.08%
PERS	338,593	36.80%	366,826	39.51%	601,584	30.64%
Social Security and Medicare	192,747	45.16%	161,291	43.33%	222,387	30.60%
Health Insurance	386,880	40.04%	377,760	41.55%	462,769	32.38%
Unemployment Insurance	42,668	49.02%	16,486	20.00%	20,841	31.93%
Workers' Comp Insurance	65,139	47.39%	52,729	41.11%	68,916	31.62%
Retirees Health Benefits	62,771	36.34%	61,361	39.01%	71,571	32.47%
<b>Supplies</b>						
Instructional	162,072	30.46%	267,436	42.64%	339,565	55.50%
Non Instructional	176,107	29.50%	127,525	26.76%	131,509	17.99%
<b>Operating Expenses</b>						
Insurance	3,148	100.00%	3,261	60.92%	3,357	99.97%
Building and Copier Leases	-	0.00%	6,500	43.33%	-	0.00%
Repairs	10,475	43.02%	37,090	80.89%	26,171	64.47%
Utilities / Telephone	25,659	21.51%	16,508	97.13%	2,300	22.33%
Service Fees / Other Charges	540,071	38.10%	965,728	22.76%	910,931	19.11%
Software	173,717	75.72%	231,276	41.67%	267,279	58.99%
Other Operating Costs (Advertising, Printing, Staff Development, Audits, Dues, Election, Postage, etc.)	506,972	32.23%	462,835	32.79%	2,748,072	38.62%
<b>Capital Outlay</b>						
Site Improvement	-	0.00%	-	0.00%	117,016	50.00%
Building Improvements	-	0.00%	-	0.00%	-	0.00%
Library Books	54,934	75.19%	64,700	88.56%	72,386	62.22%
Equipment	753,872	35.06%	783,717	35.70%	1,377,052	42.00%
<b>Other</b>						
Debt Retirement	-	0.00%	-	0.00%	-	0.00%
Student Aid	400,140	48.22%	414,694	48.17%	495,541	18.53%
Interfund Transfers	-	0.00%	-	0.00%	-	0.00%
<b>Totals</b>	<b>8,607,514</b>	<b>42.66%</b>	<b>8,074,793</b>	<b>36.02%</b>	<b>12,937,507</b>	<b>30.96%</b>

Shasta - Tehama - Trinity Joint Community College District	
Annual Budget Development Calendar 2023-24	
Mid January	<b>Governor releases January Budget Proposal</b>
Jan - Feb	Departments work on confirming Personnel and entering budget request
March - April	District/Cabinet reviews and prepares initial draft of Tentative Budget
April 05	<i>First</i> review of Tentative budget by <b>Budget Committee</b>
April 19	<i>Second</i> review of Tentative budget by <b>Budget Committee</b>
May 03	<i>Third</i> review of Tentative budget by <b>Budget Committee</b> & recommendation to College Council
May 12	<b>May Revise released by State</b>
May 16	College Council makes recommendation to President on Tentative Budget - Last College Council meeting of the Fiscal Year
June 7	Tentative Budget presented to the Board of Trustees - Tentative Budget shall be presented to the Board no later than July 1st [Title 5, Section 58305(a)]
June 30	<b>Governor signs budget</b>
July 01 - Aug 31	Incorporate changes from adopted State budget to develop Final Budget
July 01	Close accounting from prior year and work through Audit process and Annual 311 Report
Sept 13	<b>Final Proposed Budget Presented to Board of Trustees</b>
	<b>NOTE - Final Budget</b> shall be presented to the Board no later than Sept. 15 [Title 5, Section 58305(c)] A Public Hearing/Board Meeting) on the <b>Final Budget</b> shall be held on or before Sept. 15 [Title 5, Section 58301]
Sept 30	Final Budget required to be submitted to the Chancellor's Office

# COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

## Initial Impressions From Governor Newsom's 2023-24 State Budget Proposal



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posted January 10, 2023

Today, January 10, 2023, Governor Gavin Newsom released his proposal for the 2023-24 State Budget, his fifth Budget proposal as California's chief executive.

The purpose of this article is to provide a quick overview of Governor Newsom's assertions regarding the 2023-24 State Budget. We address the community college topics highlighted by Governor Newsom this morning in his press conference, press release, and high-level State Budget summary, but reserve our commentary and in-depth details for inclusion in our *Community College Update*, to be released later today.

### Economic Outlook

As the Department of Finance has been signaling in its monthly Finance Bulletins, state revenues have been underperforming projections from the 2022 State Budget Act, which has led to the Newsom Administration predicting a **\$22.5 billion shortfall**. As a result, before accounting for transfers to the Budget Stabilization Account, and absent budget actions designed to address the problem, General Fund revenues are projected to be \$29.5 billion lower than assumed in the 2022 Budget Act over the budget window from fiscal years 2021-22 through 2023-24.

### Level of Proposition 98 Funding

Governor Newsom notes that the revised estimates of General Fund revenues modestly reduce the Proposition 98 minimum guarantee. **Proposition 98 is estimated to be \$110.4 billion in 2021-22, \$106.9 billion in 2022-23, and \$108.8 billion in 2023-24,** representing a three-year decrease in the minimum guarantee of \$4.7 billion over the level funded in the 2022 Budget Act.

Due largely to projected increases in revenues and year-over-year declines in K-12 average daily attendance, Test 1 is projected to be operative for fiscal years 2021-22 through 2023-24.

### PSSSA

The 2022 Budget Act projected a total balance of \$9.5 billion into the Proposition 98 reserve account, or the Public School System Stabilization Account (PSSSA). The Governor's State Budget proposal reflects revised 2021-22 and 2022-23 payments, and a 2023-24 payment of \$3.7 billion, \$1.1 billion, and \$365 million, respectively, into the PSSSA, for a total revised account balance of more than \$8.5 billion at the end of 2022-23.

### **Student Centered Funding Formula Growth and COLA**

Governor Newsom proposes \$652.6 million ongoing to provide an 8.13% cost-of-living adjustment (COLA) for apportionments and \$28.8 million ongoing for 0.50% enrollment growth for the California Community Colleges (CCC).

### **Student Enrollment and Retention**

The State Budget summary mentions that the Administration will be monitoring district-level enrollment trends as the state moves past the COVID-19 pandemic. The summary states that it is imperative that districts begin to regain some of the enrollment lost during the COVID-19 pandemic. The Administration says it will work with stakeholders to consider options to adjust district budgets should a district not display that they are regaining enrollment lost during the COVID-19 pandemic entering the 2024-25 academic year.

Governor Newsom proposes \$200 million in one-time funding to support CCC efforts to increase student retention rates and enrollment. This investment builds on the \$150 million and \$120 million in one-time dollars included in the 2022 and 2021 State Budget Acts, respectively.

### **CCC Roadmap Goals**

The Governor's Budget proposal states the intent of the Administration to introduce a mechanism in his May Revision to provide community college districts that are making progress toward the CCC roadmap goals with additional categorical program spending flexibilities and the ability to consolidate reporting requirements across specified and to-be-determined categorical programs.

### **Dual Enrollment**

The State Budget summary includes a narrative that the Administration requests community colleges establish dual enrollment agreements with all applicable local educational agencies within their community college districts' service area. Additionally, the Administration requests that all community colleges develop and offer a one-unit service-learning course that all high school students would have the ability to access through dual enrollment opportunities. There are no specifics on whether there would be financial incentives for expanding dual enrollment or providing this course.

### **Deferred Maintenance**



Governor Newsom's proposed State Budget includes a decrease of approximately \$213 million one-time for deferred maintenance needs. The State Budget summary does not make any reference to general obligation bond funding.

### Higher Education Student Housing Grant Program

The 2022 Budget Act included intent language to provide \$1.8 billion one-time (non-Proposition 98) over a two-year period in 2023-24 and 2024-25, to establish a student housing revolving loan program for the higher education segments. Governor Newsom is proposing to delay \$900 million planned in 2023-24 to the 2025-26 fiscal year and delay \$250 million from the 2024-25 fiscal year to the 2025-26 fiscal year. This delay would result in \$650 million in 2024-25 and \$1.15 billion in 2025-26 being available for the program.

### Other Significant Investments

Rounding out the CCC-specific proposals, Governor Newsom proposes the following investments:

- \$92.5 million ongoing to provide an 8.13% COLA for select categorical programs and the Adult Education Program
- \$14 million one-time to support the administration of workforce training grants in collaboration with the California Department of Forestry and Fire Protection
- \$275,000, of which \$200,000 is ongoing, to develop a community college chief business officer professional learning program run through the Fiscal Crisis and Management Assistance Team to improve community college district leadership capacity and fiscal accountability

### Summary

This very broad extract of the 2023-24 Governor's Budget proposal is provided to keep you informed. Over the next few hours and days, we will be working to distill the information and make it actionable for community colleges. Stay tuned.