



BUDGET COMMITTEE MEETING

Wednesday, September 20, 2023

Location (Room 2150)

2:00-3:30 p.m.

APPROVED MINUTES

ROLL CALL:

X	Jill Ault	X	Elsa Gomez		Scott Gordon		Darren Gurney
X	Tim Johnston	X	Rokia Kone (Student Rep.)	X	Teri Lewallen		Katie Littlepage
X	Heidi Loftus	X	Rob McCandless	X	Jessica Nieves		

Guests: Stacey Bartlett, Sara Holmes, Crystal Mair, Kris Marquez, Keri Mathews, Becky McCall, and Angie Yannello.

1. **CALL TO ORDER:** The meeting was called to order at 2:02 p.m. by Committee Chair, Jill Ault. All present except: Scott Gordon, Darren Gurney, and Katie Littlepage.
2. **REVIEW OF MINUTES:** September 06, 2023. (Tim Johnston) motion to approve minutes, seconded (Hedi Loftus). Motion carried, no abstentions/objections.
3. **PUBLIC COMMENTS:** No public comments.
4. **REPORTS & DISCUSSION/ACTION:** - (*Attachment A*) and (*Attachment B*)

Jill shared handouts from School Services of California, see *Attachment A and Attachment B*. Both articles reference that positive revenue is coming in higher than expected, while revenues stabilize economic growth is slowing. Articles to be posted on the Budget Committee webpage.

A) Exhibit C 2023-24 – (*Attachment C*)

Jill explained the many different components of Exhibit C, outlining COLA (Cost-of-Living Adjustment) and SCFF (Student Centered Funding Formula). An 8.22% COLA is applied to SCFF rates and not the total prior year formula. The formula is calculated from those rates and our “performance”, FTES, Student Success Metrics, Supplemental Allocation. More information from the state regarding the MIS (Management Information Systems) summary will be coming out in late December, we will know more at that time. MIS data is used to calculate the supplemental and student success portions of district apportionments and allocations for various student services programs, as well as completion and transfer rates. Jill wants to make sure everyone understands this formula, as there are a lot of data points.

Jill went on to share the SCFF worksheet summarizing FTS (Full Time Equivalent Students) projections. Jill shared that different scenarios can be tested out if anyone is interested in looking at any different potential projections. Stacey asked what influences a 3% growth. Stacey also asked what impact Dual Enrollment is having on transferring students, and if the District is picking up these FTES. Jill said this is all monitored through Data and Metrics tracking, the District is looking to get a dedicated person who can track cohorts of Dual Enrollment students. Tim Johnston said there are many data points to factor in, Reach Higher

is getting recognized for their work (Reach Higher is a Cradle to Career collaborative of local organizations dedicated to supporting educational and career opportunities to all students). Tim went on to say that a sizeable number of our “new enrollments” are from feeder high schools. Jill stated that historically Community Colleges will see a rise in enrollment with inflation. Stacey shared that she is curious to see how 9th grade enrollment will affect enrollment numbers, along with the efforts from the BOLD program (Bachelor’s Through Online & Local Degrees).

B) Institutional Self-Evaluation Report (ISER) Review and Feedback

Jill advised that Tim Johnston, Darren Gurney, and Scott Gordon have submitted their sections for the ISER. Stacey said she sent her section directly to Will Breitbach.

Jill stressed the importance of the accreditation review process.

5. OTHER:

Jill pulls up the California Community Colleges website referencing the Compendium of Allocations and Resources, 2023-24 Edition. This has all the various programs that the state currently compensates. Tim added that this is helpful to grant analysts in preparation for the for auditor, as it allocates funding for different programs. The General Apportionment page was shared with the committee, Jill pointed out how the money is distributed by percentages each month. Per Tim’s suggestion the Homeless and Housing Insecurity Program/Rapid Rehousing page was referenced, as well as the Student Equity and Achievement Program and EOPS. All these programs have one-year allocations with a one-year carryover. Stacy inquired who drafts the reports for Shasta College (SC) as it relates to the allocations. Crystal Mair stated that these programs are intended for students who are disproportionately funded. Sandra Hamilton-Slane writes the plan and it’s submitted in October. Crystal shared that Basic Needs was supplied in the past, from this grant, however Basic Needs now has its own grant. Jill shared that these funds cover personnel salaries. We have quite a few grants that give us the money upfront, currently the District has received around \$30M in grants. Jill acknowledged the work that Crystal Mair, Sara Holmes, and Heidi Dias currently manage in tracking the numerous grants.

Tim shared the recent programs created, there have been 10-15 new programs since 2020. Jill said we tend to not miss a funding opportunity which will benefit our students. Jill outlined the payment schedule, stating Advanced Apportionment is the data the District is paid on through January. The Recalc for June comes in February. This is a tool to help us learn new information, there is constant rebalancing. Crystal advised that she goes through the worksheet every month to analyze the Districts need, this is monitored very closely. Stacy asked how these funds are generated. Jill answered that is based on student population and the size of the college. Sara Holmes mentioned that EWD has around \$25M in grants.

6. ANNOUNCEMENTS: No announcements.

7. ADJOURNMENT: (Heidi Loftus) motion to adjourn, (Elsa Gomez), seconded, meeting adjourned at 3:03pm

8. NEXT MEETING: October 04, 2023

Minutes Recorded By:

Angie Yannello

Executive Assistant

Administrative Services



COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Attachment A

Economic Resilience Persists Despite Inflation

 [BY JOHN GRAY](#)

 [BY PATTI F. HERRERA, EDD](#)

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posted September 18, 2023

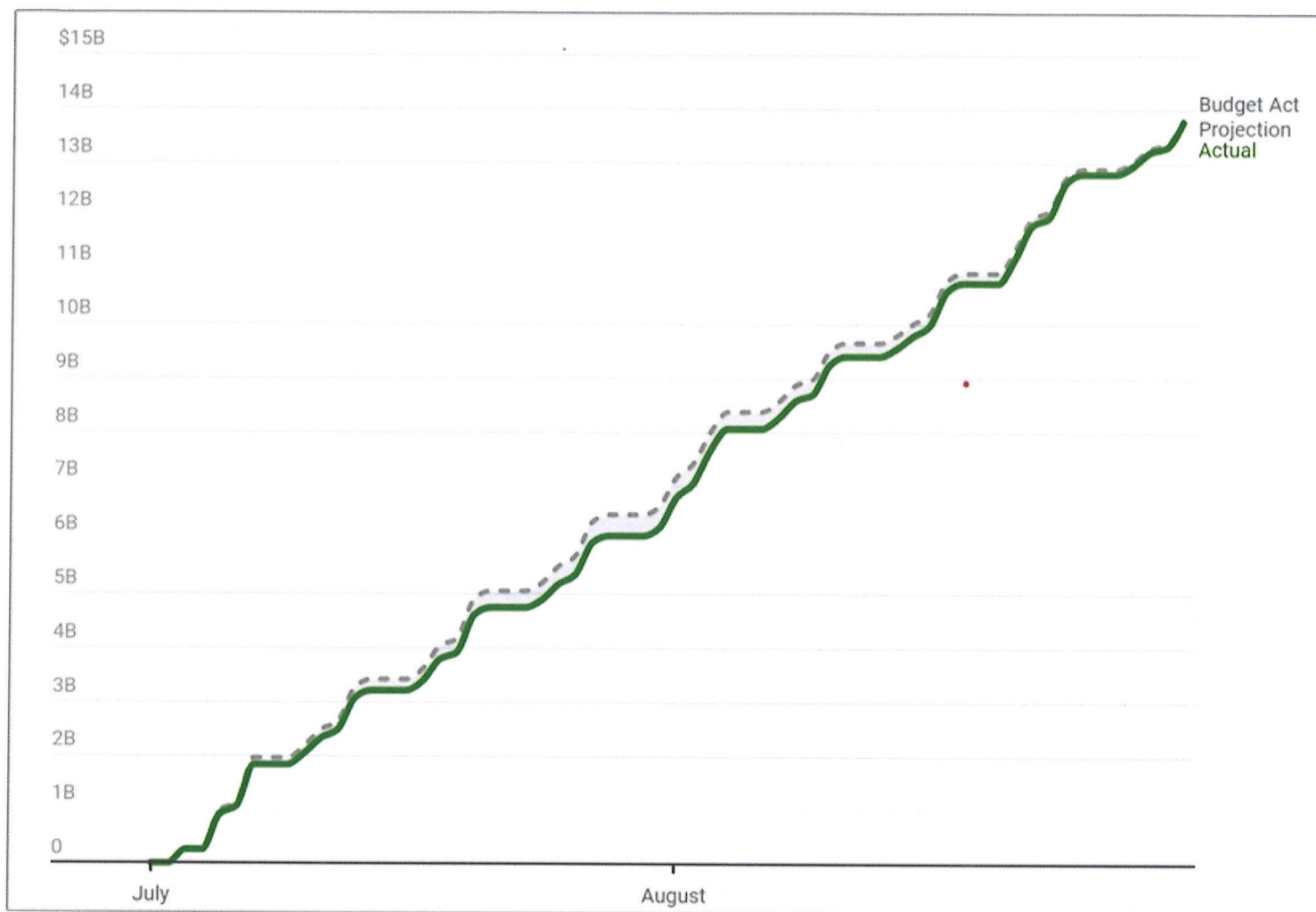
The latest national inflation numbers suggest that the economy is still challenged by rising costs, namely in fuel and shelter, as headline inflation jumped 0.6% in August (up from 0.2% in July) to an unadjusted annual rate of 3.7%. The more stable core inflation rate, which excludes food and energy costs, rose 4.3% annually. The good news is that the rate at which costs increase is abating largely in response to the monetary tightening policies of the Federal Reserve (Fed), which began aggressively increasing interest rates last year in an effort to tame consumer demand.

At its peak of tightening, the Fed raised the federal funds rate by 75 basis points (or 0.75%) four consecutive times in 2022 following more modest increases to address what the Fed then believed would be transient inflationary pressures. The historic pace with which borrowing costs were rising raised fears that the Fed would catapult the economy into a recession. And there were many indicators that began blinking red forewarning a downturn, including the most predictive measure of an impending recession in the inverted yield curve (see "[Inverted Yield Curve Signals Looming Economic Downturn](#)" and "[Economy Gets Bad Signal](#)" in the *Community College Update*).

The nation's productivity, while slowing, continues to be positive following two consecutive quarters of negative growth in the first half of 2022. By any measure, the economy is enjoying full employment, and the stock market continues to rebound from where it was a year ago.

For California, economic resilience is manifesting as stabilizing state revenues. Recent revenue data show that the state's revised forecast is more accurately reflecting trends. Where predictions were once off by billions of dollars, the forecast gap has narrowed. According to the Legislative Analyst's Office (LAO), income tax withholdings are tracking with 2023-24 Budget Act projections—performing even modestly better than expected.

2023-24 Income Tax Withholdings



Source: LAO

The LAO reports that the regular income tax withholding payments employers make for their employees was \$367 million above budget act predictions in August, offsetting equivalent below-forecast performance in July. With the October 16 tax filing deadline for many Californians and corporations looming, the question is if revenues will continue to track accordingly. Recall that \$42 billion of state revenues were projected to materialize in October—\$28.4 billion in delayed personal income taxes and \$13.3 billion in corporation taxes, respectively 23% and 32% of total anticipated revenues of the two taxes for the 2022-23 fiscal year.

State budget officials recognized the considerable risk the deferred tax deadline creates for the 2023-24 Enacted Budget, which of course impacts local planning. We are hopeful that the economy's resilience will be reflected in next month's state tax collections, and that economic stability will be the theme moving towards Governor Gavin Newsom's 2024-25 budget proposal in January.



COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Economy Is Slowing While Revenues Stabilize



BY PATTI F. HERRERA, EDD

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posted September 19, 2023

The Department of Finance issued its latest monthly [Finance Bulletin](#) showing that state General Fund revenues are stabilizing from earlier in the year and are tracking with updated estimates included in the 2023 Budget Act.

Total state General Fund revenues for the month of August beat budget projections by over \$1.3 billion (11.1%), equaling \$13.5 billion. Each of the “Big Three” taxes outperformed the forecast for August. On a fiscal year-to-date basis, “Big Three” taxes are lagging modestly despite the fact that total General Fund revenues came in \$75 million over estimates.

“Big Three” Revenues—Actual vs. Forecast

In Millions

	August 2023			2023-24 Year-to-Date		
	Forecast	Actual	Difference	Forecast	Actual	Difference
Personal Income Tax	\$7,298	\$7,714	\$416	\$14,032	\$13,983	-\$49
Sales and Use Tax	\$3,557	\$3,998	\$441	\$5,383	\$5,370	-\$12
Corporation Tax	\$384	\$487	\$102	\$1,268	\$959	-\$309
Total	\$11,239	\$12,199	\$959	\$20,683	\$20,312	-\$370

While revenues stabilize, economic growth is slowing. U.S. unemployment crept up 0.3 percentage points (to 3.8%) last month but remains relatively low. The pace of new nonfarm jobs slowed 22.7% in August from the average monthly gain of 242,000. California's unemployment rate remained unchanged.

As reported by the Bureau of Labor Statistics last week, U.S. headline inflation accelerated in August after 12 consecutive months of deceleration. California's import-export trade activity is down on a monthly and yearly basis, which is significant for the world's fifth largest economy. Export trade was down 9.7% in July from June and down 8.6% from July 2022. Likewise, import trade was down 2.1% from June and 16.2% from last July.

Finally, the state housing market continues to sputter with housing permits down 0.6% from June and 11.1% from last July with single-family dwellings down 20.5% from a year ago.

That the economy is slowing, namely with the labor market loosening ever so slightly, is unsurprising since the Federal Reserve has been indicating its intention to cool the economy amidst rising costs via interest rate increases.

**Student Centered Funding Formula
 Illustration of Covid Hold Harmless and Emergency Conditions Allowance
 New Funding Floor in 2024-25**

	19-20	20-21	21-22	22-23	23-24	24-25	25-26	3 Year Average	Calculated SCFF	Prior Year SCFF plus COLA
2021-22	7,072.04	7,072.04	7,072.04					7,072.04	50,285,551	52,931,817
2022-23		7,072.04	7,072.04	7,072.04				7,072.04	58,453,358	53,584,283
2023-24 *			7,072.04	7,072.04	6,081.98			6,742.02	61,835,982	63,267,289
2024-25 **				7,072.04	6,081.98	6,380.92		6,511.65	63,015,188	63,691,062
2025-26 ***					6,081.98	6,380.92	6,642.31	6,368.40	64,572,633	65,237,327

* enrollment at census Fall 2023

** Assumptions:

Emergency Conditions FTES
 Projected FTES

3% COLA applied to SCFF
 5% Enrollment growth
 NEW FUNDING FLOOR ESTABLISHED

*** Assumptions:

3% COLA applied to SCFF
 5% Enrollment growth

23-24 COLA 8.22%

Section 1a

	a	b	c	d	e	f	g	h	i
	2021-22	2022-23	2023-24	2023-24	2023-24	2023-24	2023-24	2023-24	2023-24
			Restroation	Change	Adjustment			Growth	Funded
Credit	5,959.86	5,959.86		(981.05)		4,978.81	5,632.84		5,632.84
Incarerated	0.92	0.92		(0.92)		-	-		-
Special Admit	933.08	933.08		50.00		983.08	983.08		983.08
CDCP	29.52	29.52		(6.05)		23.47	23.47		23.47
Noncredit	148.66	148.66		(52.04)		96.62	96.62		96.62
	7,072.04	7,072.04	-	(990.06)	-	6,081.98	6,736.01	-	6,736.01

23-24 estimated credit FTES	4,978.81								
22-23 estimated credit FTES	4,526.19	@ P-2							
21-22 acutal credit FTES	4,240.00								
						% inc/(decrease)	\$ inc/(decrease)		
						8.22%	4,805,555		

Funded Rates	Enrollment change	10.00%
\$ 5,238	29,503,975	
\$ 7,346	-	
\$ 7,346	7,221,680	
\$ 7,346	172,410	
\$ 4,418	426,823	
	37,324,888	recalculated
	6,439,546	Basic Allocation
	43,764,434	Total Base Allocation
	11,033,710	Supplemental Allocation
	7,297,655	Student Success Allocaiton
A	62,095,799	Calculated SCFF
B	63,267,289	22/23 SCFF, plus COLA
C	53,701,865	SCFF hold harmless

Section 2: Supplemental Allocation

	2022-23		
	Headcount	Rate	Revenue
ABS40 Students	309	\$ 1,239	\$ 382,739
Pell grant Recipients	3458	\$ 1,239	\$ 4,284,874
Promise Grant Receipents	5138	\$ 1,239	\$ 6,366,098
			\$ 11,033,710

Change in Supplemental and Succes from PY 4%

Section 3: Student Success Allocation

	Points	2022-23			3-YR Average	Rate	Revenue
		2020-21	2021-22	2022-23			
All Student - Point Value	\$ 730	Headcount	Headcount	Headcount			
ADT	4	242	231	240	238	\$ 2,922	\$ 694,620
ADT	3	548	505	525	526	\$ 2,191	\$ 1,152,749
BD	3	6	10	10	9	\$ 2,191	\$ 19,283
Credit Certificates	2	174	161	167	167	\$ 1,461	\$ 244,662
Transfer level Math and English	2	150	146	152	149	\$ 1,461	\$ 218,074
Transfer to 4 Year University	1.5	390	415	432	412	\$ 1,096	\$ 451,619
Nine or More CTE Units	1	1,480	1,369	1,424	1,424	\$ 730	\$ 1,040,303
Regional Living Wage	1	1,759	1,896	1,972	1,876	\$ 730	\$ 1,369,986
Sub-total		4,749	4,733	4,922	4,801		\$ 5,191,295
Pell Grant Receipients - Point Val.	\$ 184	Headcount	Headcount	Headcount	3-YR Average	Rate	Revenue
ADT	6	151	137	142	143	\$ 1,105	\$ 158,618
ADT	4.5	361	346	360	356	\$ 829	\$ 294,822
BD	4.5	2	7	7	5	\$ 829	\$ 4,499
Credit Certificates	3	107	92	96	98	\$ 553	\$ 54,290
Transfer level Math and English	3	66	74	77	72	\$ 553	\$ 39,971
Transfer to 4 Year University	2.25	220	186	193	200	\$ 415	\$ 82,828
Nine or More CTE Units	1.5	971	887	922	927	\$ 276	\$ 256,129
Regional Living Wage	1.5	760	840	874	825	\$ 276	\$ 227,860
Sub-total		2,638	2,569	2,672	2,626		\$ 1,119,017
Promise Grant Receipient - Point	\$ 184	Headcount	Headcount	Headcount	3-YR Average	Rate	Revenue
ADT	4	197	173	180	183	\$ 737	\$ 135,085
ADT	3	467	421	438	442	\$ 553	\$ 244,264
BD	3	5	9	9	8	\$ 553	\$ 4,304
Credit Certificates	2	133	133	138	135	\$ 368	\$ 49,660
Transfer level Math and English	2	103	92	96	97	\$ 368	\$ 35,702
Transfer to 4 Year University	1.5	273	257	267	266	\$ 276	\$ 73,443
Nine or More CTE Units	1	1,217	1,116	1,161	1,165	\$ 184	\$ 214,549
Regional Living Wage	1	1,113	1,293	1,345	1,250	\$ 184	\$ 230,336
Sub-total		3,508	3,494	3,634	3,545		\$ 987,343
TOTAL STUDENT SUCCESS ALLOCATION							\$ 7,297,655