



BUDGET COMMITTEE MEETING

Wednesday, November 01, 2023

Location (Room 2150)

2:00-3:30 p.m.

APPROVED MINUTES

ROLL CALL:

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

Guests: Stacy Bartlett, Sara Holmes, Cystal Mair, Kris Marquez, Keri Mathews, Angie Yannello, Tawny Youngblood

- 1. CALL TO ORDER:** The meeting was called to order at 2:03 p.m. by Committee Chair, Jill Ault. All members were present except: Katie Littlepage, Heidi Loftus, and Rob McCandless.
- 2. REVIEW OF MINUTES:** September 20, 2023. Kris Marquez requests her last name be corrected, typo in the minutes show as Martinez. (Tim Johnston) motioned to approve minutes, seconded (Jessica Nieves), motion passed, no objections/abstentions.
- 3. PUBLIC COMMENTS:** There were no public comments.
- 4. REPORTS:** There were no reports.
- 5. DISCUSSION/ACTION:**

A) Sept. 2023 Budget to Actuals – Fund 11 & 12 – (Attachment A)

Jill advised that the Budget to Actuals for Fund 11 & Fund 12 are reviewed by the Board every month. For comparison purposes, the worksheet references two years of expenditures, during COVID a three-year comparison was applied. The Budget to Actuals worksheet separates expenditures at the major object code level. Personnel expenditures are separated into: Instructional, Classified, and Benefit sections. Other expenditures are separated as follows: Supplies, Operating Expenses, Capital Outlay, and Other Outgo. As of September 30th, 25% of the year’s expenditures are complete. Jill mentioned how it is helpful when departments create BPO (Blanket Purchase Orders) and PO (Purchase Orders) to show funds as committed. Jill went on to say that in July personnel expenditures are low, due to less student employees and faculty.

As of September 30, 2023, Fund 11 (Unrestricted General Fund) Total Personnel is tracking at about 22% of the Budget. Scott Gordon inquired about the Academic Administrators line dropping as compared to 2022/23. Jill stated that an Academic Administrator expense allocation can shift between funds.

Jill went on to mention how the supply line reflects the impact from inflation. As of September 30, 2023 the total for Fund 11 is 23.38% of Budget.

Jill stated that insurance premiums are paid in July and August of each year, and software subscriptions are paid in the beginning of the year. Jill advised that most insurance expenses have now shifted into Fund 61 (Self Insurance Fund). Per the Budget and Accounting Manual from the Chancellor's Office, it is allowable to account for these kind of expenditures in this fund. Jill also mentioned that Fund 61 is beneficial to the 50% Calc because it falls outside the formula.

As of September 30, 2023, Fund 12 (Restricted General Fund) Total Personnel is tracking at about 19% of the budget. Total expenditure is around \$10.8M. Jill also mentioned that there are a lot of new grants coming through, some of these grants have a student aid component to include: books, supplies, grocery cards, etc. Jill mentioned again how important it is for staff to input BPO's and PO's so expenses can be properly encumbered.

Jill advised that this worksheet can be discussed with the committee every time it gets presented to the Board, other funds can also be included. Stacy Bartlett inquired about Personal/Consultant Services line as it looks like there is a big difference from 2022/23 to present. Jill said that the K16 grant was not fully operational last year and this could be the reason for that difference, Jill to get more details to clarify the difference in expenditures.

B) Economic Forecast – (Attachment B)

Jill states there is still a lot of economic uncertainty. Jill explained how the economy, in California, is driven by personal income tax, corporate income tax and sales tax. Jill shared about a recent JPA (property and liability Joint Powers Authority) meeting she attended where an advisor presented on inflation and factors contributing to the Consumer Price Index, see Attachment B. Jill shared that services are a contributing factor driving up inflation.

Jill referenced another worksheet, "Wages Have Caught Up to Inflation Once Again", outlining Wage Growth vs. Inflation. Statistically wages are keeping up with inflation.

Jill also shared "The Fed's Protections for Growth and Employment Were More Upbeat" worksheet. This illustration shows unemployment rates are dropping. Jill went on to mention that the main idea for all these worksheets is to look for trends. Jill also shared that Fixed Incomes are going high right now, existing money in bonds are only paying 1-2% and CD (certificate of deposit) are currently at 5%.

C) School Services of California – (Attachment C)

Jill shared School Services of California handouts, referencing more economic indicators.

Jill advised the committee that in July of this year, the district was informed that we will receive an additional \$600K in lottery funds for the 22-23 year. Jill stated that this information would have been beneficial to find this out earlier in the planning purposes.

D) Illustration of 50% Law Calculation – (Attachment D)

Jill shared the 50% Calc worksheet with the committee advising how this is currently a work in progress. This worksheet is calculated on Fund 11 only, Retiree Health Benefits and Instructional Service Agreements are not included in the formula as they are considered outside the Calc. Jill mentioned expenses that fall on the “bad side” are Current Education Expense: Instructional, Business Office, Marketing, and most equipment costs. Activities to Exclude: Health Fees for students, Rents and Leases and Lottery expenses, totaling over \$2M in exclusions. The current calculation of the 50% Law is 51.20%.

Jill explained how there is a lot of pressure put on the “bad side” when things are mandated such as IT (Information Technology) and Campus Safety departments. Stacy asked where legislation is on all this. Jill advised that legislation is showing no interest in changing this.

Daren Gurney shared a story about grant proposals and misrepresentation of funds and how this is a statewide issue. Crystal inquired how lottery monies are spent. Jill outlined Fund 11 is spent on utilities and public service. Fund 12 instructional supplies and equipment, including basic need payments for students and laptops for classrooms. Jill stated that roughly \$900K was received in Fund 12, if she had known this amount was coming in it could have been committed to Area Planning.

Stacy asked if there has been movement on 75%-25% ratio. Jill stated that she had not heard anything about this at the recent ACBO conference.

- 6. OTHER:** Jill advised Nov 15th meeting will be cancelled
- 7. ANNOUNCEMENTS:** There were no announcements.
- 8. ADJOURNMENT:** (Darren Gurney) motioned to adjourn meeting, (Elsa Gomez) seconded, meeting adjourned at 2:55pm.
- 9. NEXT MEETING:** December 6th, 2023

Minutes Recorded By:
Angie Yannello
Executive Assistant
Administrative Services

Shasta College
Budget to Actuals - Year to Date as of September 30, 2023
Fund 11 - Unrestricted General Fund

25% of year complete

	2022/23 Expenditures	% of Budget	2023/24 Expenditures	% of Budget
Instructional				
Academic Instructional	2,225,062	18.48%	2,430,071	19.24%
Academic Administrators	754,879	25.20%	676,914	23.19%
Academic Non Instructional Contract	274,721	23.89%	325,239	25.70%
Instructional Hourly	1,464,314	27.63%	1,689,615	27.70%
Non Instructional Hourly	45,002	23.90%	60,171	24.17%
Classified				
Classified Contract	1,691,016	22.58%	1,853,447	22.25%
Instructional Aides Contract	211,664	22.39%	237,833	24.36%
Classified Management	850,151	25.62%	1,052,595	25.53%
Non Instructional Hourly	243,546	31.26%	238,720	29.52%
Instructional Aides Hourly	27,426	13.20%	98,421	23.78%
Student Hourly	80,602	14.28%	97,328	12.81%
Benefits				
STRS	741,172	19.24%	836,843	20.30%
PERS	784,482	23.47%	904,935	22.69%
Social Security and Medicare	324,120	23.50%	357,694	23.01%
Health Insurance	693,976	20.50%	705,741	21.16%
Unemployment Insurance	37,661	21.91%	9,886	8.99%
Workers' Comp Insurance	118,455	26.72%	139,944	21.53%
Retirees Health Benefits	724,793	28.99%	492,375	16.41%
Total Personnel	11,293,042	22.56%	12,207,772	22.06%
Supplies				
Instructional	86,046	34.74%	87,325	26.18%
Non Instructional	369,704	38.01%	425,351	39.96%
Total Supplies	455,750	37.34%	512,676	36.67%
Operating Expenses				
Insurance	499,780	81.49%	150,575	95.16%
Building and Copier Leases	73,438	51.48%	69,789	51.21%
Repairs	140,471	35.23%	197,413	44.21%
Utilities / Telephone	222,638	16.90%	339,450	22.54%
Personal/Consultant Services	200,751	65.89%	222,580	75.10%
Service Fees / Other Charges	374,658	26.02%	421,400	21.93%
Staff Development, Travel & Conferences	31,984	9.98%	34,955	8.40%
Software	1,104,638	72.67%	397,747	25.52%
Other Operating Costs (Advertising, Printing, Audits, Dues, etc.)	703,831	44.03%	624,038	33.71%
Total Other Operating Expenses	3,352,189	43.78%	2,457,947	29.65%
Capital Outlay				
Site Improvement	-	0.00%	7,238	97.81%
Building Improvements	-	0.00%	-	0.00%
Library Books	-	0.00%	-	0.00%
Equipment	220,500	28.85%	303,259	26.53%
Total Capital Outlay	220,500	28.73%	310,497	26.99%
Other Outgo				
Debt Retirement	-	0.00%	-	0.00%
Student Aid	978	13.58%	608	8.44%
Interfund Transfers	-	0.00%	544,233	23.76%
PARS	-	0.00%	-	0.00%
Total Other Outgo	978	13.58%	544,841	22.65%
Totals	15,322,459	25.09%	16,033,733	23.38%

Shasta College

Budget to Actuals - Year to Date as of September 30, 2023

25% of year complete

Fund 12 - Restricted General Fund

	2022/23 Expenditures	% of Budget	2023/24 Expenditures	% of Budget
Instructional				
Academic Instructional	177,783	21.23%	148,719	17.88%
Academic Administrators	284,737	20.31%	380,443	24.85%
Academic Non Instructional Contract	407,743	24.61%	497,490	22.98%
Instructional Hourly	32,173	20.62%	33,497	89.68%
Non Instructional Hourly	161,744	20.95%	251,050	27.90%
Classified				
Classified Contract	545,276	18.52%	703,598	20.01%
Instructional Aides Contract	35,998	25.00%	42,821	24.48%
Classified Management	729,155	16.61%	1,176,772	22.63%
Non Instructional Hourly	85,777	17.33%	96,406	5.57%
Instructional Aides Hourly	41,713	14.87%	28,026	11.07%
Student Hourly	118,471	21.54%	51,198	4.08%
Benefits				
STRS	170,701	19.83%	222,789	23.58%
PERS	354,052	18.36%	526,213	21.08%
Social Security and Medicare	128,872	17.94%	172,947	20.17%
Health Insurance	263,956	18.76%	342,116	21.30%
Unemployment Insurance	11,756	18.10%	3,291	20.27%
Workers' Comp Insurance	39,045	17.93%	55,643	19.88%
Retirees Health Benefits	40,858	18.72%	51,930	20.67%
Total Personnel	3,629,810	19.06%	4,784,949	19.90%
Supplies				
Instructional	249,045	46.09%	237,038	40.08%
Non Instructional	68,703	10.98%	97,824	12.30%
Total Supplies	317,748	27.25%	334,862	24.15%
Operating Expenses				
Insurance	3,357	99.97%	-	0.00%
Building and Copier Leases	-	0.00%	65,835	91.67%
Repairs	16,180	49.33%	7,876	13.94%
Utilities / Telephone	2,300	22.33%	3,150	97.67%
Personal/Consultant Services	869,064	16.16%	2,076,646	75.84%
Service Fees / Other Charges	445,846	11.16%	785,485	26.71%
Staff Development, Travel & Conferences	96,955	11.52%	78,043	9.37%
Software	128,057	30.65%	52,472	12.69%
Other Operating Costs	143,239	21.61%	246,577	30.27%
(Advertising, Printing, Audits, Dues, etc.)				
Total Other Operating Expenses	1,704,998	15.03%	3,316,084	42.13%
Capital Outlay				
Site Improvement	-	0.00%	-	0.00%
Building Improvements	-	0.00%	-	0.00%
Library Books	57,315	50.40%	55,415	42.07%
Equipment	1,119,104	33.57%	1,731,849	49.54%
Total Capital Outlay	1,176,419	19.78%	1,787,264	42.12%
Other Outgo				
Debt Retirement	-	0.00%	-	0.00%
Student Aid	440,225	20.34%	642,665	30.31%
Interfund Transfers	-	0.00%	-	0.00%
Total Other Outgo	440,225	0.07%	642,665	30.31%
Totals	7,269,200	18.33%	10,865,824	27.82%



Schools Association For Excess Risk

Investment Performance Review For the Quarter Ended September 30, 2023

Client Management Team

PFM Asset Management LLC

Sarah Meacham, Managing Director
Richard Babbe, CCM, Senior Managing Consultant

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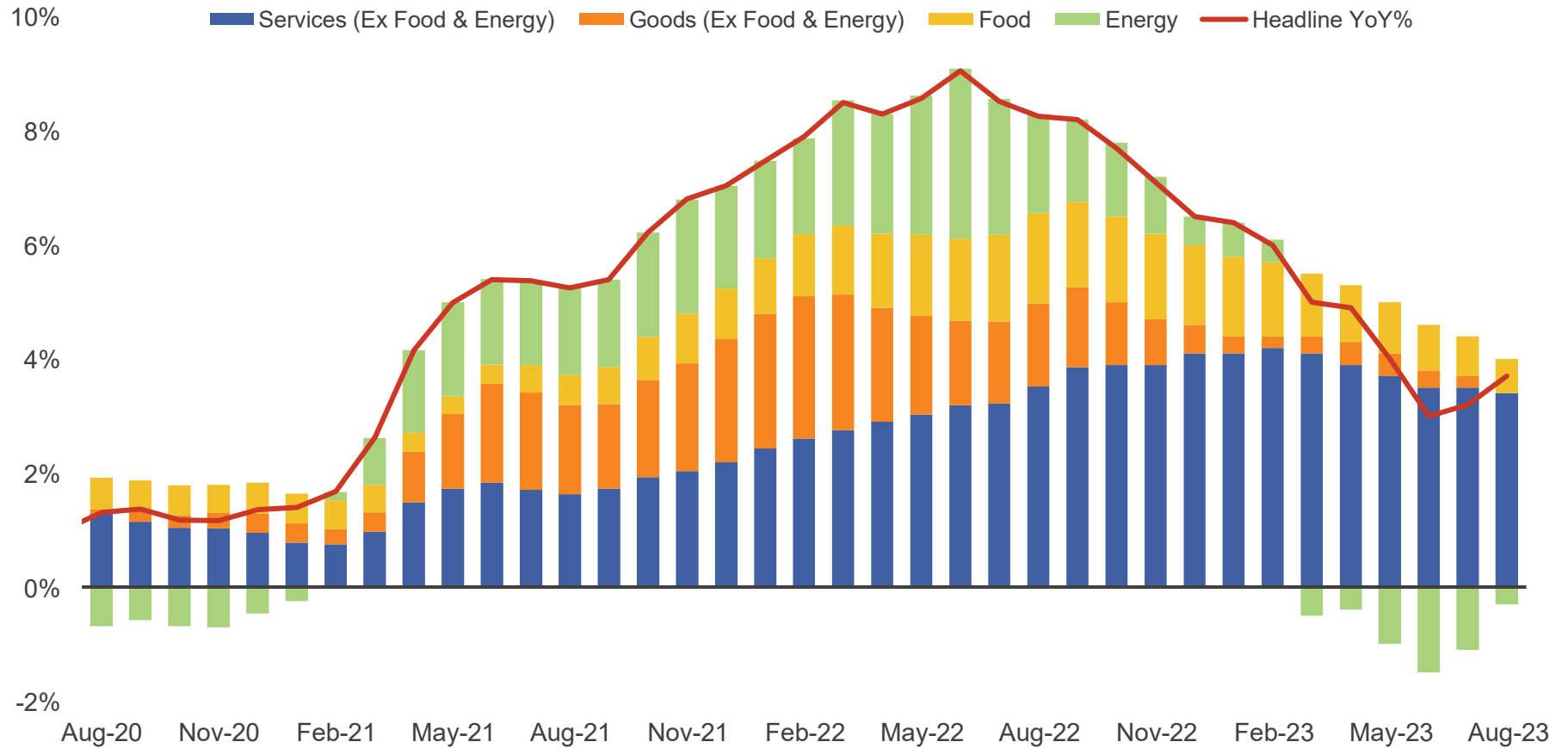
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Market Update

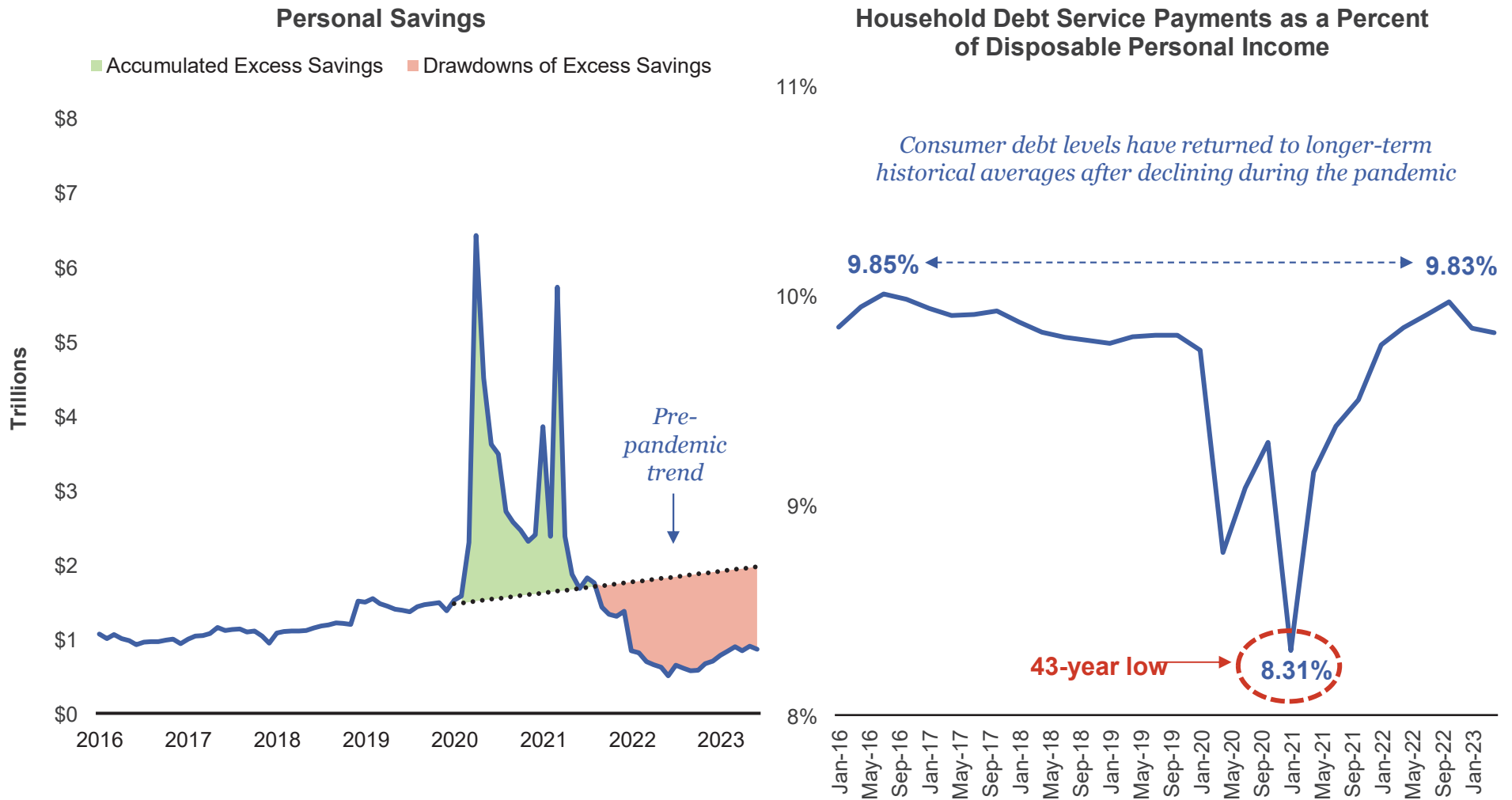
Inflation Gradually Falling, But Sensitive to Recently Rising Energy Prices

Factors Contributing to the Consumer Price Index (CPI YoY)



Source: Bloomberg, as of August 2023.

Personal Savings and Consumer Debt Have Returned to Pre-Pandemic Levels



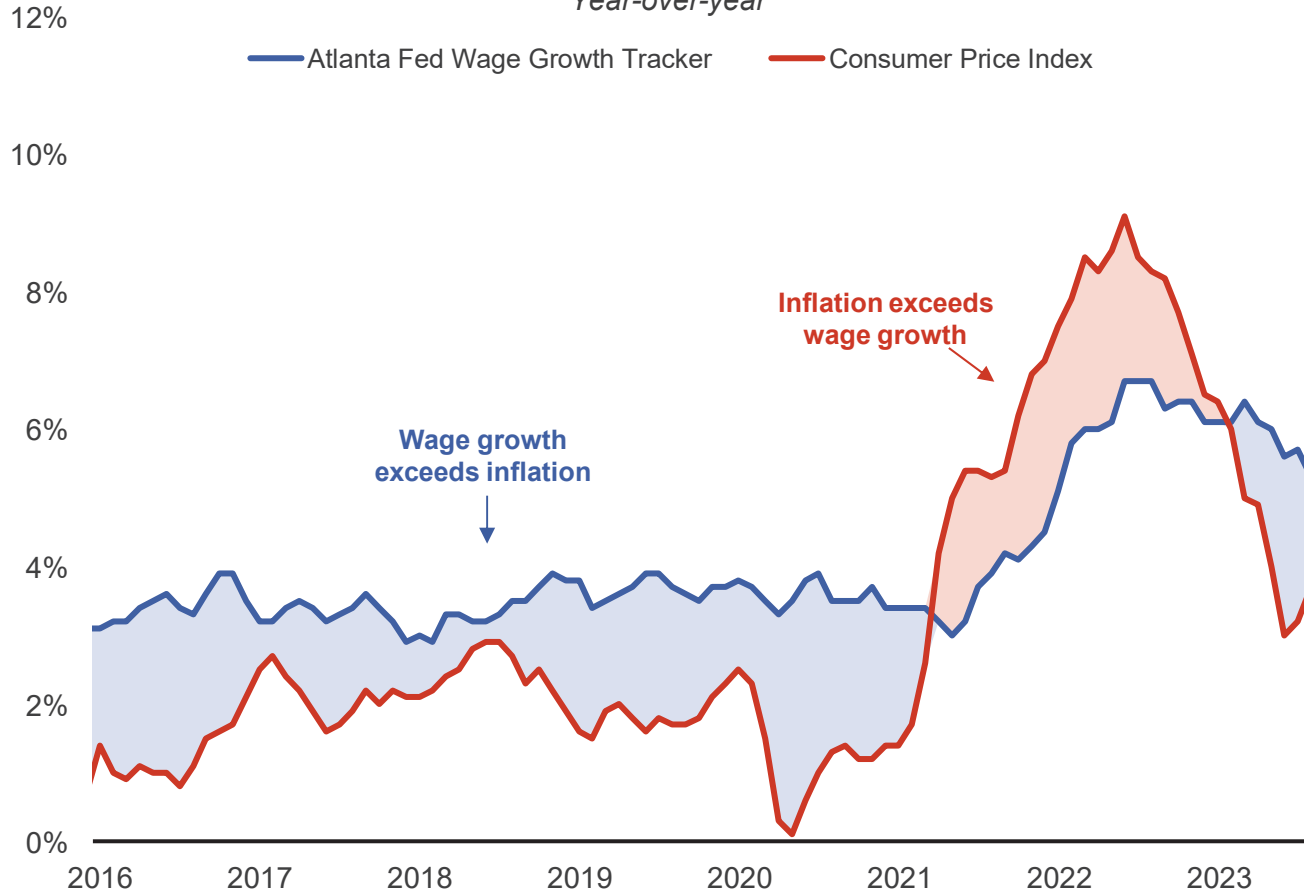
Source: Bloomberg and New York Fed Household Debt and Credit Report. Data as of June 30, 2023. (Left chart)

Source: Federal Reserve Bank of St. Louis. Data as of April 1, 2023. (Right chart)

Wages Have Caught Up to Inflation Once Again

Wage Growth vs. Inflation

Year-over-year



Labor Market Stats

Unemployment Rate (Sept.) 3.8%

Peaked during COVID at 14.7%

Excess Job Openings (Sept.) 3 mil.

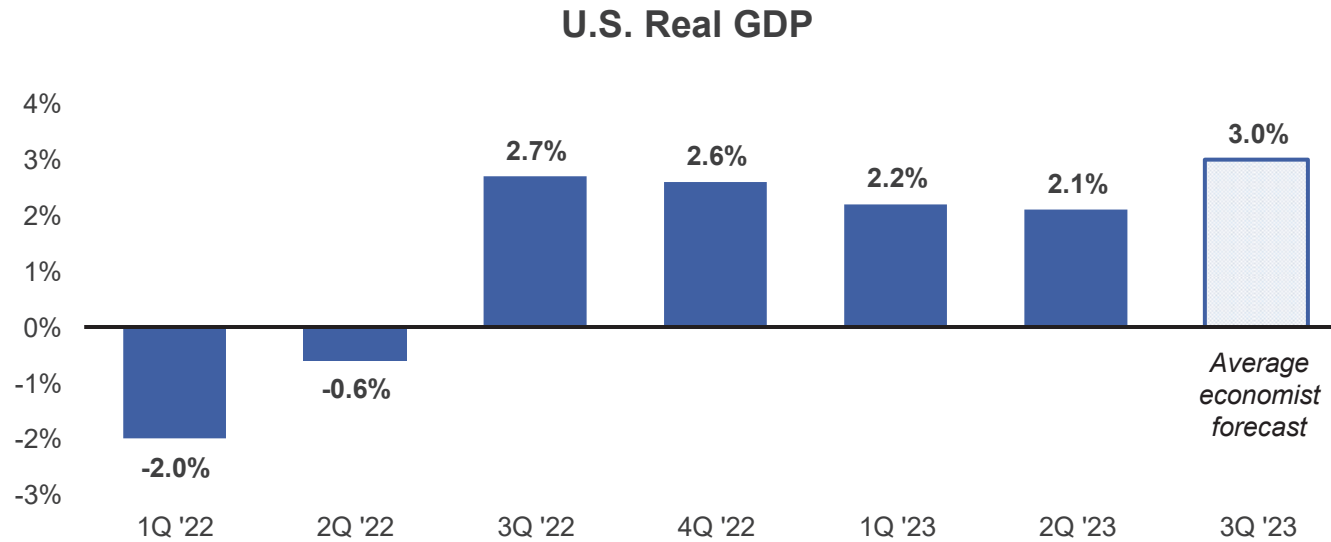
For each unemployed worker, there are approximately 1.5 job openings

Nonfarm Payrolls (Sept.) 336,000

Although the pace has declined, the economy continues to create jobs at a healthy pace

Source: As of September 2023. St. Louis Federal Reserve Economic Data. Excess job openings refers to the difference in job openings, as reported by JOLTS, and the total number of unemployed workers as reported by the Bureau of Labor Statistics.

GDP Remains Surprisingly Robust



GDP Contributors

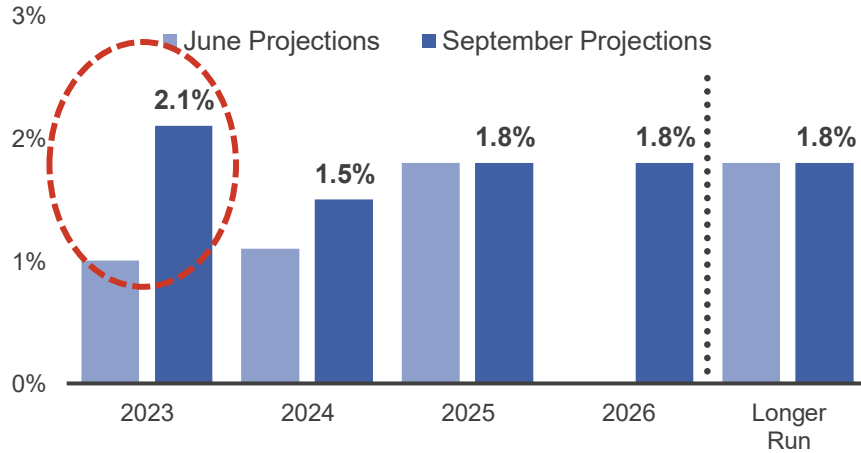
	1Q '22	2Q '22	3Q '22	4Q '22	1Q '23	2Q '23
Real GDP	-2.0%	-0.6%	2.7%	2.6%	2.2%	2.1%
Personal Consumption	0.0%	1.3%	1.1%	0.8%	2.5%	0.6%
Private Investment	1.2%	-2.1%	-1.5%	0.6%	-1.7%	0.9%
Net Exports	-2.6%	0.6%	2.6%	0.3%	0.6%	0.0%
Gov't Expenditures	-0.5%	-0.3%	0.6%	0.9%	0.8%	0.6%

The U.S. Consumer has been the backbone of economic growth; historically being the largest contributor

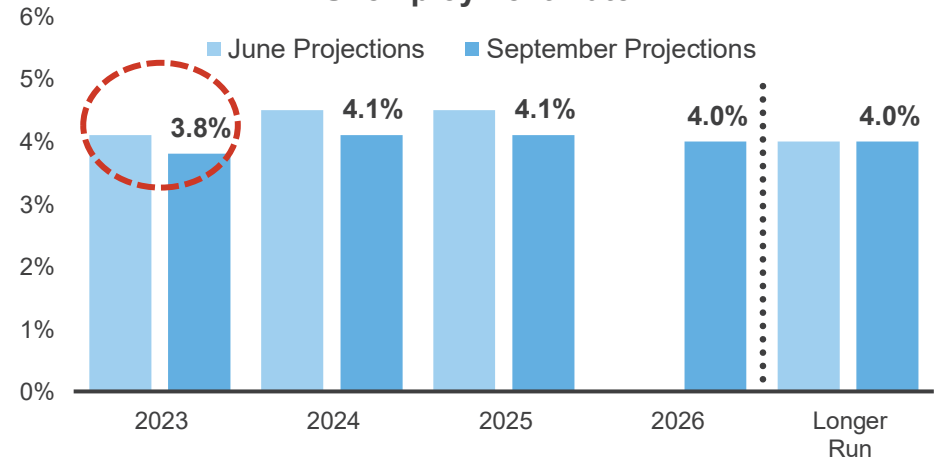
Source: St. Louis Federal Reserve Economic Data, Bureau of Economic Analysis. Average economist forecast sourced from Bloomberg.

The Fed's Protections for Growth and Employment Were More Upbeat

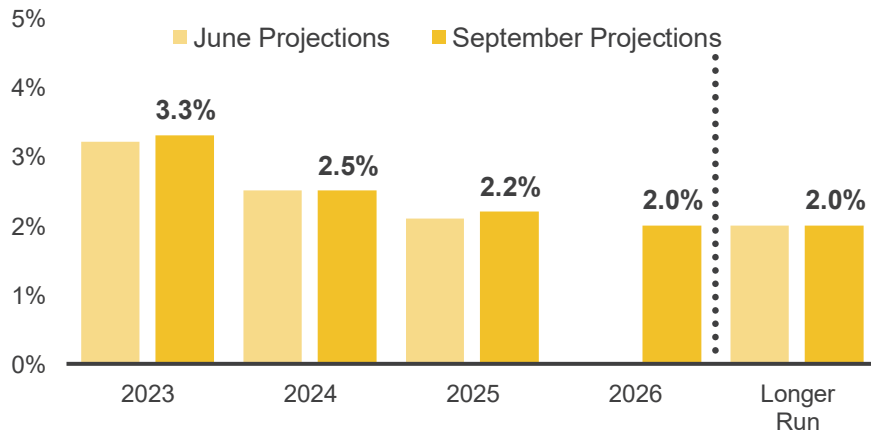
Change in Real GDP



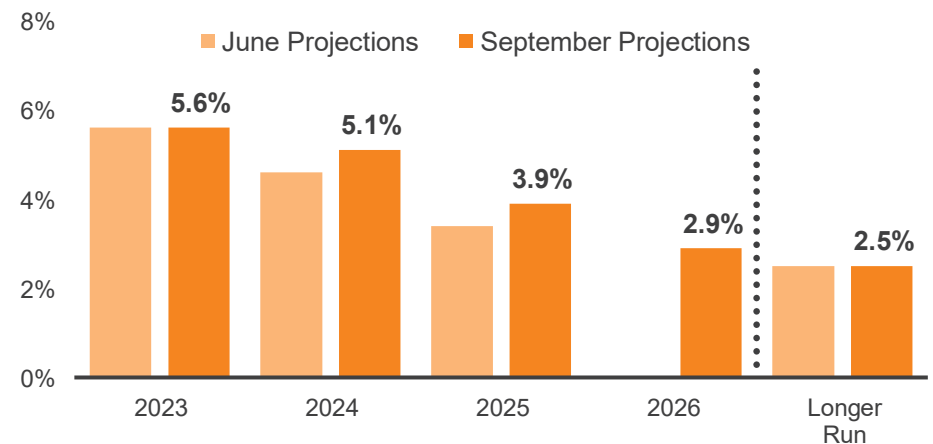
Unemployment Rate



PCE Inflation



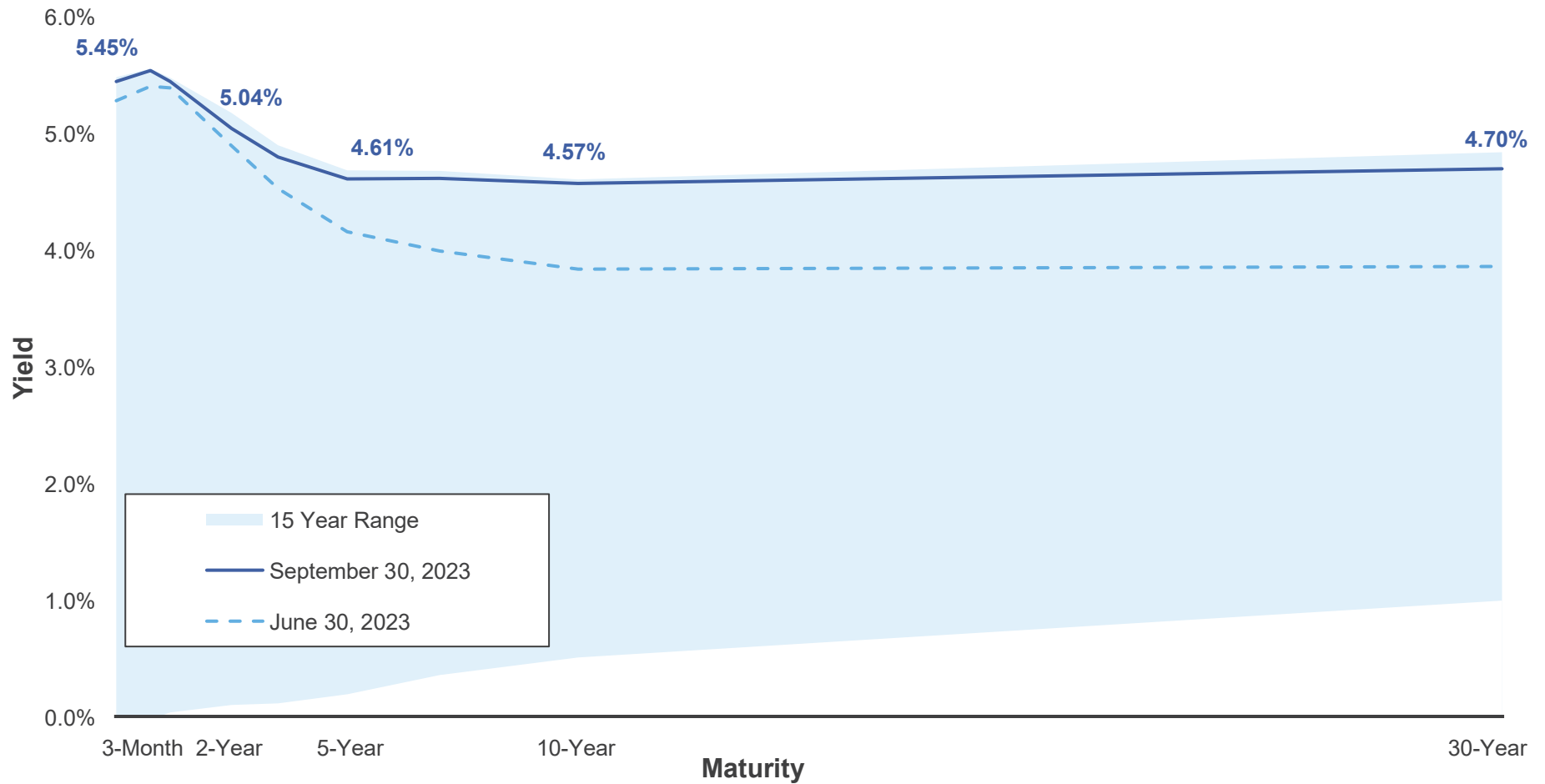
Federal Funds Rate



Source: Federal Reserve, latest economic projections as of September 2023.

Interest Rates Are At Their Highest Levels Since 2006-07

U.S. Treasury Yield Curve



Source: Bloomberg, as of September 30, 2023.



COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

Tax Deadline Comes and Goes

 **BY MICHELLE MCKAY UNDERWOOD**

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The long-awaited tax deadline arrived on Monday, October 16, twice delayed since the beginning of the year to provide extra filing time for those affected by the historic atmospheric rivers to hit the state in early 2023. But the deadline was fleeting—early Monday, the Internal Revenue Service announced (without rationale) another month-long delay for federal income taxes for the majority of California income tax filers, now due on November 16.

Like Lucy pulling away the football, revenue watchers were caught off guard and left wondering for hours whether the state Franchise Tax Board (FTB) would once again follow suit and delay California's income tax deadline too. Late in the day, the FTB announced that it too would be delaying the deadline for state income taxes until November 16.

Due to the late nature of the deadline extension, it seems unlikely to have a significant effect on the long-delayed view of 2022 income taxes. When the State Budget was enacted, about \$42 billion of personal and corporate income taxes delayed from prior months was anticipated in October. We will soon see whether this last-minute deadline extension significantly affected actual revenues.

COMMUNITY COLLEGE UPDATE

PUBLIC EDUCATION'S POINT OF REFERENCE FOR MAKING EDUCATED DECISIONS

State Revenues Stable Through September, October is Uncertain

✓ BY BRIANNA GARCÍA

✓ BY WENDI MCCASKILL

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posted October 26, 2023

The Department of Finance released its most recent [Finance Bulletin](#) on Monday, October 23, 2023, via a new interactive format. The October release reflects both national and state economic data through September 2023 and indicates General Fund revenues continue to be in alignment with the 2023 Budget Act projections.

September General Fund revenues exceeded budget projections by \$796 million (5.7%), with total actual revenues at \$14.77 billion versus a forecasted \$13.97 billion. The 2023-24 Budget year-to-date, actual General Fund revenues of \$36.76 billion exceed the forecast of \$35.88 billion by \$879 million (2.4%).

As indicated below, when looking more specifically at the “Big Three” (i.e., personal income tax, corporation tax, and sales and use tax), both personal income tax and sales and use tax were slightly below projections on a year-to-date basis, and corporation tax actual revenue outpaced forecasted revenue. September 2023 revenues show both corporation tax and personal income tax exceeding projected figures and sales and use tax actual revenue falling slightly below projections.

Dollars in millions	September 2023				2023-24 Year-to-Date			
	Forecast	Actual	Difference	Percent Diff.	Forecast	Actual	Difference	Percent Diff.
Personal Income Tax	\$8,561	\$8,576	\$16	0.2%	\$22,593	\$22,566	-\$27	-0.1%
Corporation Tax	\$2,118	\$2,966	\$848	40.1%	\$3,386	\$3,925	\$539	15.9%
Sales and Use Tax	\$2,788	\$2,697	-\$91	-3.3%	\$8,171	\$8,067	-\$104	-1.3%
Total	\$13,467	\$14,239	\$773		\$34,150	\$34,558	\$408	

Source: [Finance Bulletin, October 2023 Issue \(ca.gov\)](#)

At the 2023 Budget Act enactment, the payment and filing tax deadline, which impacts both personal income and corporate taxes, was delayed for most Californians until October 16, 2023. Cashflow projections for 2023-24 factored into this delay. On October 16, the payment and filing tax deadline was further delayed until November 16, 2023. The impact of this extension is not fully known at this point. However, the Franchise Tax Board receipts provide potential insights—whether as a result of the twice-extended filing deadline or just from economic headwinds in general.

According to Jason Sisney, the State Assembly’s budget director, October revenues are reported as coming in below projections for the month of October. Notably, the month is not yet at its close, and the lower than anticipated revenues are at least partially due to the later tax deadline. We are now looking to December for a clearer picture of November revenues and to glean a hint of what the Governor may propose in January.

Turning to the economy, September U.S. unemployment held steady at 3.8%—unchanged since August. On the other hand, California unemployment increased slightly from 4.6% to 4.7% between August and September.

September U.S. headline inflation matches August at 3.7%, while U.S. core inflation decreased slightly from 4.3% in August to 4.1% in September. As a reminder, core inflation exempts food and energy prices from the calculation. California headline inflation increased to 3.6% in August from 3.1% in June, though California's core inflation fell from 4.6% in June to 4.0% in August.

Regarding housing, permits were up 4.5% from July but remain down 7.7% year over year. The median price of single-family homes is up 3.3% from July to \$859,800, while sales of existing single-family homes were down 5.3% from July.

We will continue to track economic indicators and state cash flow and will report out regularly on the U.S. and California economies as well as the alignment between projections and actual cash flow data.

ILLUSTRATION OF 50% LAW CALCULATION

	Numerator	Denominator
DIRECT COST OF INSTRUCTION		
Activity Codes: 01000-59XXX, 611XX		
110000 Salaries of Classroom Instructors	11,169,722	
130000 Salaries of Part-Time Instructors and Overload	5,331,125	
220000 Salaries of Classified Instructional Aides	872,224	
24XXXX Salaries of Classified Instructional Aides; OT, ET, Temp, Sub	676,830	
3XXXXX Employee Benefits related to above object codes	6,988,745	
<i>Less: Instructional Staff Retiree Benefits and Incentives</i>	<i>(1,643,155)</i>	
573050 Direct Instructional Cost for Instructional Service Agreements (ISA)	146,639	
Total Direct Cost of Instruction	23,542,130	
CURRENT EDUCATION EXPENSE		
Activity Codes: 01000-679XX		
1XXXXX Academic Salaries		20,165,928
2XXXXX Classified Salaries		10,565,217
3XXXXX Employee Benefits		14,093,160
<i>Less: Instruction/Non-Instructional Retiree Benefits and Incentives</i>		<i>(3,336,808)</i>
4XXXXX Supplies and Materials		548,356
5XXXXX Other Operating Expenses		5,977,504
642000 Equipment Replacement		-
Total Current Education Expense		48,013,357
EXCLUSIONS:		
Activities to Exclude		
64400 Student Health Services Above Fees Collected from Students		(22,576)
Objects to Exclude		
52XXXX Rents and Leases		(288,396)
Lottery Expenses		
Program 263 all Object Codes		(1,722,813)
Total Exclusions	-	(2,033,785)
Calculation of 50% Law	23,542,130	45,979,572
	51.20%	