

# Business Services



## Planning and Budget Committee

MEETING DATES	AGENDA PACKETS	MEETING NOTES
May 22, 2015	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>
May 1 , 2015	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>
April 3 , 2015	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>
March 6 , 2015	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>
February 6, 2015	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>
January 2, 2015	Canceled	Canceled
December 5, 2014	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>
November 7, 2014	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>
October 3, 2014	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>
September 5, 2014	<a href="#">Agenda</a> and Handouts	<a href="#">Meeting Notes</a>
August 14, 2014	<a href="#">Agenda</a> and Handouts	<a href="#">Meeting Notes</a>
May 16, 2014	Agenda and Handouts	Meeting Notes

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## **Planning & Budget Committee (PBC)**

Approved Meeting Notes

Thursday, August 14, 2014 (Convocation Day)

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This meeting was intended to be a meeting of PBC committee members, but was well attended by others. The sign in sheet is attached.

In light of the full attendance, Lorenzo Legaspi reviewed the Budget Allocation Model. He explained how the model was developed, using the FY 12-13 Budget as the base line.

Mr. Legaspi answered several questions from the audience.

It was suggested that one of the first items the PBC should tackle is the question of linking planning and budget. It was pointed out that this has been identified by the PBC as one of its goals and objectives.

The next meeting of the PBC will be September 5<sup>th</sup> from 1:00 to 3:00 at the District Office.

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PLANNING & BUDGET COMMITTEE MEETING  
APPROVED MEETING NOTES  
SEPTEMBER 5, 2014

Lorenzo provided a brief update on the budget and district enrollment.

- Governor signed the budget on time
- Funding of \$170 million for SSSP and Student Equity
- COLA of 0.85%
- Growth Restoration of 2.75%
- Funding for partial buy down office Deferrals
- Rainy Day fund of \$1.4 billion
- STRS Reform: employer rate to go up from 8.25% to 19.1% by 20 21
- STRS Reform: equates to additional cost of \$4.5 to \$5 million for CLPCCD
- Enrollment in the district as a whole is slightly below projection
  - LPC will offer classes in October

The committee reviewed the goals and objectives set on the May 16, 2014 kick off meeting

The goals were prioritized as follows:

1. Develop philosophy for linking Educational Planning to Budgeting
2. Define types of planning priorities
3. Address BAM Implementation Questions
4. Develop matrix for review
5. Review BAM
6. Refine charge of committee
7. Revise and/or develop Board Policy and Administrative Procedures

The committee decided to have a retreat for the next meeting.

The October 3<sup>rd</sup> will be a retreat from 12:30 p.m. to 6:00 p.m. to be held at the Lorenzo's home.

Documents and material needed for the retreat were identified:

- Mission Statements
- Accreditation standards III, IV
- Charge of PBC committee
- IPBM guidelines
- Planning diagram for colleges
- District planning process

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# PLANNING & BUDGET COMMITTEE MEETING – OCTOBER 3, 2014, APPROVED MEETING NOTES

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Present: La Vaughn Hart, Lorenzo Legaspi, Pedro Ruiz De Castilla, Rajeev Chopra, Wyman Fong, Dave Fouquet, Rajinder Samra, Sue Sperling, Kathy Kelley, Deonne Kunkel, Chasity Whiteside, Connie Willis, Marcia Corcoran, Sarah Thompson

## **(Goal #5) Develop Philosophy for Linking Educational Planning to Budgeting**

The group established some key words to develop a philosophy statement. The words were, Standard III Accreditation, Guiding principles and Mission and goals, vision. The group then broke into three smaller groups and each assigned a statement from the list to create their mission. The statements from the three groups were then amalgamated to develop the following philosophy for the Planning and Budget Committee.

The Planning and Budgeting Committee (PBC) is committed to fair, equitable, transparent and consultative processes that produce budgetary recommendations in support of our central mission to educate students while maintaining district and college financial integrity and accountability. The PBC makes decisions that reflect our institutional priorities:

- student learning,
- student success,
- completion of educational goals, and
- community engagement.

Resources will be distributed based on clear communication regarding available funding and the needs at each site. Ongoing assessment will evaluate how financial resources facilitate instruction and student support at all sites to improve resource allocation and institutional effectiveness.

In our committee processes, we practice clarity and civility by respecting our diverse viewpoints while making decisions that support the effective functioning of each college's and district's programs and services.

Motion was made by Sarah Thompson for the committee's philosophy. It was seconded by Wyman Fong and passed unanimously.

### **1. Step 3A Expenses Discussion**

Lorenzo discussed the two items under 3A expense that were brought up during public comments at the September 16<sup>th</sup> Board meeting for the Adoption Budget. He explained that the cost of Trustee Election was included in the Step 3A expenses at the deliberations during development of the new Budget Allocation Model. The cost of Education Master Plan contract was included in the 2014-2015 Budget presented to the Board in June.

- Budget Review before Board presentation:** The committee requested that in future, an outline of the upcoming budget be reviewed by PBC and consider changes prior to presenting it the Board. Since the faculty is out in the summer month, the outline is to be presented to the PBC in spring. Lorenzo would inform the committee of any large items impacting the budget. The committee will then decide if there is a need for a meeting in the summer months. The committee will have a complete update at the first meeting in the Fall semester to insure that we are fully aware of budgetary impacts.
- Budget development timeline and sub-committee review:** The budget development timeline was reviewed and Rajeev suggested that smaller groups from PBC review sections of the budget so that the committee can be more fully aware of changes and issues.

# PLANNING & BUDGET COMMITTEE MEETING – OCTOBER 3, 2014, APPROVED MEETING NOTES

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- c. **RUMBL Cost analysis for 2014-15:** There was a discussion about the amount listed in the adoption budget for RUMBL for 14/15. The amount in the adoption budget is \$1.2M higher than the actual cost for 13/14 as shown in the adoption budget. The committee requested that Lorenzo provide specific information at the next PBD meeting on how the \$6M amount was determined for 14/15 when the cost for 13/14 was \$4.8M.
- d. **True-up of 3A costs:** There was discussion of the need to “true-up” 3A costs for 13/14 so that the projections for 14/15 could more accurately reflect anticipated expenses.

**Questions and concerns regarding contract with Cenergistic Inc.:** Under the discussion on 3A expenses, an example of the Cenergistic’s contract was brought up. This was a large contract which would cost the district over \$1 million in the five-year period. Several members of the committee asked questions about the terms of the contract, and expressed concern about how any savings would be determined, the lack of consultation with shared governance committees, e.g., District and Campus Facilities committees, PBC, what services would be provided, how the up-front costs would be paid, etc. Quote from Susan Sperling The Founder and CEO of the company is a prominent evangelical associated with a group espousing anti-gay marriage on the internet.

Speaking on behalf of the group, LaVaughn expressed concern about how the Cenergistics contract made it to the Board for approval when it appears that there are many questions about the contract and the company. She asked Lorenzo to explore the consequences of terminating the contract and the cost to the district.

Lorenzo stated that their voices are heard and he is already exploring it. He asked the group for the process.

The group would like to have this contract be processed through the Facilities Committee for their review while Lorenzo is exploring the district options. The contract then needs to be brought to the PBC for the budget impact. There was discussion about which contracts should be brought to PBC as the district enters into many contracts during the year.

- e. **Providing budget revenue and expense for “Rental revenue” from the district building and absorbing election and ed master plan costs:** It was asked if some of the 3A expenses, such as the board election and ed master plan, could be charged to other funding sources, such as rental revenue as these are “one time” not ongoing expenses. Lorenzo suggested charging to the fund balance. Connie stated that Chabot has already committed their fund balance to meet campus needs. The committee requested Lorenzo to explore possible funding sources.
  - f. **Contract Ed costs included in step 3A??:** Question was raised about Contract Educations lack of contribution toward 3A costs.
2. Define Agenda Topics for November 7<sup>th</sup> Meeting
- Planning priorities
  - True Up 3A Expenses
  - Budget Process Timeline
  - Revenue Projections from Other Sources
  - Budget Allocation Model Implementation Questions

Next meeting, November 7, 2014 at 1:00 p.m. in the Board Room, District Office. Due to the items on the agenda, it was decided that the committee will meet for 4 hours on November 7.

APPROVED MEETING NOTES

Present: LaVaughn Hart, Lorenzo Legaspi, Pedro Ruiz De Castilla, Wyman Fong, Dave Fouquet, Kathy Gould, Rajinder Samra, Sue Sperling, Kathy Kelley, Deonne Kunkel, Natasha Lang, Chasity Whiteside, Sarah Thompson, Tim Dave, Jeff Kingston, Keller O'Rourke, Barbara Yesnosky

1. **NRG eVGO Services Contract**

Jeff Kingston presented the NRG eVGO service contract. He explained that the grant for \$40 million is sponsored by the Community College League through the Department of Energy towards the installation of electric vehicle charging infrastructure. The contract is for installation of ten (10) electric vehicle charging stations per site. Each site can access up to \$20,000 worth of settlement funds to offset the total cost of the installation project. The charging stations can be rented to staff and faculty at a cost of \$29.95 a month. NRG eVGO will have the exclusive right to use the installed infrastructure for a period of 18 months from the date of installation. After 18 months the district has the option to lease or own it. The installation of additional EV vehicle charging stations at Las Positas College is in alignment with our Climate Action Plan.

2. **Planning Priorities**

The discussion was to determine the areas in the purview of the PBC in planning priorities of the Campuses, District Office and M&O. Dave suggested reviewing the needs of each site and evaluating assessment of the service process. He stated that ACCJC expects the District to do fiscal year assessment of the needs of the services centered on student learning. There was a discussion on the need to have cyclical assessment of services. LaVaughn commented that this would require a better understanding of the areas and the services provided by the various centers. The committee needs to understand the needs/struggles and tasks of the different service units/departments. Pedro mentioned that district classified senate has made several attempts at Convocations to educate the colleges on district functions. The committee decided that district function presentations would be more appropriately done at local meetings such as Town Meeting and/or College Hour as people are distracted with other things during convocation.

Lorenzo added that the need is to do administrative program review using total cost of ownership to assess the needs for areas to provide adequate service. The committee discussed the possibility of developing a template that could be used to help identify total cost of ownership when grants are being developed or projects are being proposed. This could be a resources used by all district-wide committees in evaluating requests for funding in the future. Chabot has formed a grant's advisory board to look at this at a college level.

**Action:** For planning, establish a timeline for presentations by service units, campuses, departments to PBC to provide information on services provided and needs and the means to assess those services. Then, determine the adequate the resources needed to provide the desired service level and determine the parts of planning priorities of the group for next year.

3. **True Up of Step 3A Expenses**

Barbara presented the true up of the Step 3A expenses for fiscal year 2013-14 budget to actual. Kathy Kelley felt that the District reserve of 11.4% is too high. The state requires us to keep a reserve of 5%. Some of the access funds could be invested in the colleges businesses in the interest of our students. Barbara mentioned that compared with the Bay 10, we are at the low end of the reserve funds. It was explained that the RUMBL monies charged to 3A in 13/14 did not represent the actual expense of retiree medical benefits. The amount budgeted for RUMBL for 14/15 represents a 5% increase in the amount charged to the general fund (3A) for 13/14 and is not related to actual expense. The committee requested to have data on actual expenses for retiree medical benefits for 14/15 at the next PBC meeting. The RUMBL fund and reserves are to be discussed and

evaluated at the next meeting. Dave Fouquet would like to see a true-up of the Dental Hygiene and Nursing Programs at Chabot College.

The true up resulted in a positive balance of \$404,644. Sarah thanked Barbara for the presentation. She proposed that a recommendation be made to the Chancellor to move the overage of funds to the two Colleges, District and M&O, through the regular allocation model. The group agreed unanimously.

Motion was made by Sarah Thompson to make recommendation to the Chancellor to move the overages of \$404,644 to the sites using the current allocation model.

Motion was seconded by Kathy Kelley.

**Action:** Need to extract the actual number of retirees and the percentage of premium increase so that a comparison can be made to last year's actual. Barbara will provide the projection at the December meeting.

**4. Budget Process Timeline/Establish Review Groups**

The budget calendar indicates a timeline of the budget process. The Governor's January budget proposal provides enough information for the district to begin formulating the numbers for the budget process. Lorenzo stated that to make any recommendation to the Chancellor on changes to Budget Allocation Model (BAM), we need to meet by the third or fourth week in January. In February/March the budget assumptions for expenditures are obtained from the sites. It was suggested that the group meet after the release of the Governor's May Revise to update revenues. A tentative date of May 22 was established for the meeting. LaVaughn announced that the enrollment targets for 15/16 were set at the DEMC meeting earlier in the day. Lorenzo stated that these numbers were set for planning purposes. These targets will be reviewed by DEMC in February when additional information on the 15/16 budget is available. Sarah requested that an assessment of the 3A expenses and funding for the various centers be done by spring. The major reconfiguration to BAM would happen in fall

At the last meeting it was discussed that smaller groups should be established to review sections of the budget. It was suggested that the sub group for the review committee does not necessarily need to be from this group but people that have economic and accounting backgrounds. It was suggested that RUMBL and Reserves would be two areas that sub-groups could look at and make recommendations.

**5. Approval of Meeting Minutes**

Sarah Thompson made a motion to approve the meeting notes from the August and September and October meetings. Pedro Ruiz DeCastilla seconded the motion.

**6. Define Agenda Topics for December 5 Meeting**

Timeline on Presentations from the Groups Focusing on Funding Centers  
Define Reserve and Rumble Funding Levels  
Revenue Projections  
Planning Priorities  
BAM Questions

**7. Next Meeting**

December 5, 2014

The meeting is scheduled for three hours

## **PLANNING AND BUDGET COMMITTEE MEETING NOTES APPROVED – DECEMBER 5, 2014**

Present: LaVaughn Hart, Lorenzo Legaspi, Pedro Ruiz De Castilla, Karen Esteller, Wyman Fong, Dave Fouquet, Kathy Gould, Deonne Kunkel, Natasha Lang, Keller O'Rourke, Rajinder Samra, Sarah Thompson, Chasity Whiteside, Barbara Yesnosky, Connie Willis

### **Revenue Projections**

On January 12, 2015, the Governor is to release the budget proposal for 2015-16. At the next meeting, Lorenzo will provide the state revenues for the apportionment, categorical funding.

### **Full Time Faculty Obligation Number (FON) Fall 2015**

LaVaughn hoped that senior leaders are working on the correct FON number for the district to avoid any penalty. HR is working with the Presidents on faculty hiring for retiree replacements before the Christmas Holidays. At Chabot College, Connie Willis will discuss with the Academics on staffing needs for 2015. Lorenzo will meet with IT and HR and obtain the numbers off the system and true up the numbers. Dave stated that the FON #273, submitted to the state needs to be compared with the fulltime contract faculty and use the data for projection to meet the FON.

### **Growth Funding Allocation Model Factors**

The state will change its Growth Funding Allocation Model Factor effective fiscal year 2015-16. It will be based on the type of students served as opposed to solely the number of students served. Lorenzo will be able to provide more information at the next meeting after the release of the Governor's January budget proposal.

### **Budget Development Calendar – PBC Participation**

The budget development calendar will be updated to reflect the PBC meeting dates relating to the budget participation. The established meeting dates are February 6, March 6, May 22 and convocation in August, 2015. The discussion at the meetings will be a follow up on the Governor's January budget proposal, review the preliminary budget with revenue and expenditure assumptions and incorporate the Governor's information into the budget. Barbara informed the group that the changes could not be reflected in the Tentative Budget, but they would be reflected in the adoption Budget. The convocation meeting will be to review the changes to the Step 3A expenses and the unrestricted funds and finalize the budget for adoption. It was requested that Lorenzo email the changes to committee prior to the August meeting.

### **True up of Nursing and Dental Hygiene Allocation**

Due to the complexity of the true up of Special Programs Unit (SPU), the committee agreed to a smaller group with individuals from the campuses that would meet separately. The group would review the 2013-14 actuals for Nursing and Dental Hygiene that are funded through the Special Program Unit's allocation. They would recommend the level of augmentation for the programs currently in the SPU (Nursing and Dental Hygiene) and the criteria for programs to be considered for inclusion in the SPU. The recommendation would be discussed in the larger PBC group.

Some names chosen for the group were: Barbara Yesnosky, Dale Wagoner, Jeff Kingston, Rajeev Chopra, and Dave Fouquet. LaVaughn will work on finalizing the smaller group.

### **Define and Recommended Reserve Level**

At a prior PBC meeting there was discussion that in addition to the district-wide 5% reserve, the four locations also maintain a 1% reserve to absorb their needs. LaVaughn suggested that a smaller group be formed to discuss reserves. The group would be assigned with group leaders who would then contact individuals for team members. The team would review current reserves; composition, growth etc. and make recommendations for reserve levels, time line and outline the needs for accessing reserves. Their findings and recommendations would be discussed in the larger group. The team leaders chosen for this group were: Lorenzo Legaspi, Cathy Gould and Tom Orf.

### **RUMBL Funding Level**

Barbara's research on the \$6 million budgeted for RUMBL in 2014-15 was not finalized. However, she did provided the committee with data showing the actual costs of retiree medical coverage for 13-14 was \$4.87 M and anticipated actual cost for 14-15 is \$5.14 M. She will continue the work on annualizing the data and update the group

## **PLANNING AND BUDGET COMMITTEE MEETING NOTES APPROVED – DECEMBER 5, 2014**

at the next meeting. LaVaughn proposed that while additional work is being conducted, the \$800,000 difference between anticipated actual expenses for 14-15 and the amount budgeted (\$6.09 M) be split with \$400,000 to build RUMBL reserves and the other \$400,000 to be processed through the allocation model. The co-chairs had discussed this prior to the meeting and agreed that a mid-year adjustment to reallocate the \$400,000 was a reasonable and prudent action. Sarah Thompson made a motion to accept the proposal, and suggested that a plan to strategically outline the RUMBL reserve be completed by end of the year. The motion was seconded by Deonne Kunkel with a consensus. It was also agreed that a smaller group be formed to review RUMBL reserve levels and make recommendation to the larger group. Team leaders chosen for this group were: Rajeev Chopra, Rajinder Samra, Dave Fouquet and Lorenzo Legaspi.

### **BAM Questions**

The group agreed to review few questions at a time at every meeting. Dave Fouquet suggested that questions on apportionment numbers 4, 5 and 6 be addressed at the next DEMC meeting. He would provide the recommendations to the co-chairs prior to the February meeting. The co-chairs will decide to bring the recommendations to the PBC for implementation. The group unanimously agreed to Dave's proposal.

### **Timeline on Presentations from the Groups Focusing on Funding Centers**

A smaller group to develop list of service units to make presentations to PBC and identify resources, functions/needs within the service groups.

Team leaders chosen for the smaller group were: Sarah Thompson, Deonne Kunkel and Pedro Ruiz DeCastilla.

### **Update on Cenergistics**

Lorenzo stated that the Cenergistics agreement is terminated and the District is dealing with the legal issues.

### **Approval of meeting Notes**

The November 7, 2014 meeting notes was approved unanimously.

### **Other**

LaVaughn asked the status of the last recommendation made to the Chancellor by the PBC. At the adoption of the last budget, she and Sarah Thompson took faculty concerns to Board on the process by which items were included in Step 3A and the resultant decrease in funding per FTES to the Colleges. LaVaughn stated that she would like to be able to update the Board on the progress of this committee in addressing process issues and moving towards more transparent and open discussion of budgetary issues. However, until there is a response on the recommendation, it is unclear that actual progress has been made. Sarah Thompson stated that the meetings would be more productive for this committee if the Chancellor attended them.

Lorenzo responded on the status of the recommendation that the Chancellor has acknowledged it, but would like to see the plans of the colleges for the funds.

### **Action Items:**

Lorenzo to provide the state revenues for the apportionment and categorical funding at the next meeting

Dave Fouquet to provide the DEMC recommendations on BAM questions 4, 5 and 6 to the co-chair prior to the February meeting.

LaVaughn agreed to develop a task list for each of the subgroups and bring to the February meeting.

Team leaders will contact potential members and present the names at the February meeting.

Barbara to conduct additional work on the RUMBL reserve and update the group at the next meeting

The subgroups will meet separately at the next meeting.

### **Next Meeting**

February 6, 2015



APPROVED MEETING NOTES

**Co-chairs: LaVaughn Hart, Lorenzo Legaspi, Pedro Ruiz De Castilla**

Attendees: Karen Esteller, Wyman Fong, Dave Fouquet, Kathy Gould, Jannett Jackson, Matt Kristcher, Deonne Kunkel, Natasha Lang, Celia Esposito-Noy, Tom Orf, Rajinder Samra, Sarah Thompson, Chasity Whiteside, Barbara Yesnosky, Connie Willis

**Approval of Meeting Notes - December 5, 2014 Meeting**

Wyman Fong motioned to approve the meeting notes for the December 5, 2014. Pedro Ruiz De Castilla seconded it.

**Update on Response to PBC Recommendation**

Prior to the discussion on the PBC Recommendation, Dr. Jackson talked about the Charrette scheduled for Friday February 20 at the District office. She described the Charrette process for Strategic and Educational Master Plan. The Charrette would involve input from people across the board comprising of students, faculty, staff and partners from the community in the Strategic and Educational Master Plan. She invited anyone from the group who is interested and asked that they RSVP for nametags, refreshments and lunch. The Chancellor's website has more information Charrette .

She thanked the committee for their hard work and said that this is the first committee to develop its internal mission and goals. The committee has been most effective.

She accepted the two recommendations made by the PBC and approved to reallocate the overages to the sites utilizing the current allocation model.

- a. The \$404,644 was from was from the true up of the 2013-14 revenue allocation model
- b. The \$430,000 was the result of the split of the RUMBL reserve of \$800,000 between the anticipated actual expenses for 14-15 and the amount budgeted (\$6.09 M)

There was not a recommendation for the unspent funds at the college this year, but she approved that carryover money at the college level is to remain at the colleges.

The Chancellor requested that future recommendations be presented to her in a formal manner using a form similar to the form used to when recommendations are made to the Board of Trustees.

Dave Fouquet asked the Chancellor on the program review process at the district level to provide information on needs and how should it be conducted. The Chancellor explained that it should be an ongoing topic in all the various committees and there should be a planning calendar setup for it. The co-chairs of all committees would work on the process and then make a recommendation to the PBC committee for their assessment regarding the funding. The PBC would select the projects based on their priority and submit their recommendation to the Chancellor.

**Report out from Subgroup Meetings**

The subgroups broke out in their groups for discussion and then reported back to the larger group.

**Special Programs Unit True Up (SPU)**

Barbara Yesnosky reported that there is a \$20,000 surplus in the SPU. The group decided that after the true up of fiscal year 2014–15 that this amount be rolled forward for next year. Dale Wagoner mentioned that we have lost the subsidy from ValleyCare so the overall cost will increase and the

PLANNING AND BUDGET COMMITTEE MEETING – February 6, 2015

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APPROVED MEETING NOTES

expenses will not drop as much as the revenue. For FY 2015-16, DEMC has determined 220 FTES for dental hygiene students. Based on the number, a subsidy amount per student needs to be calculated

Service Unit Presentations

Sarah Thompson reported that this group met and developed a form to be used to determine the need for resources. The form has five areas; 1) identify the key areas of services; 2) operationalize on how to measure services; 3) create rubric that defines series of service levels; 4) Measure the current ranking of service level; 5) identify resources needed to improve service. Using the above criteria will help determine the resources necessary for the service area. This body can educate the various centers in the district on how to measure their service.

RUMBL

Lorenzo Legaspi reported that currently the district has about \$124 million in unfunded liability for retiree health benefit. This number is driven by the Actuarial Report which is required by law to be done every two years. We are due for one this year. We can expect this number to change because the District has now changed the retirement health benefits for new employees.

Reserves

Currently, the district maintains a minimum required reserve of 5%. The subgroup felt that the district should strive to maintain an 8% reserve and there should be a Board Policy on the percentage. The district reserve should only be used for unforeseen economic uncertainties and to avert layoffs. The group also felt that each center, the Colleges, M&O and the District office should have its own reserve of 1%. The 1% reserve should only be used by the centers during their budget downfall. The centers can take two years to build up their 1% reserve. One time funds and carry over balances may be part of how the reserves grow. The subcommittee recommended that the sites build up the 1% reserve over the next two years.

Budget Update

Based on the Governor's January Budget Proposal, Barbara has developed the preliminary budget assumptions for FY 2015-16. The DEMC at their November 7, 2014 meeting, with the target growth of 1% determined the FTES 17,191 for 2015-16. Barbara reviewed the preliminary budget with the group. On the revenue side, one (1) item is to increase the base allocation funding by \$125 million statewide. Our district's share of that amount is about \$1.8 million. Part of this amount is to help in the operating expenses to include the increase in PERS and STRS payment. Prior year one time mandated cost reimbursement for statewide total is \$353 million. The district share is \$5,193,188, of which the state requires that some of these funds to be used for deferred maintenance and scheduled maintenance. However, it is unclear exactly how this funding will be earmarked.

Follow-up on Retiree Medical Research

Work is being continued on annualizing the data for RUMBL

Other

Rajeev Chopra suggested that there needs to be a comprehensive marketing goal and to have a discussion on it to meet our FTES. LaVaughn said that there had been discussion on this at the DEMC meetings.

Next Meeting

March 6, 2015

PLANNING AND BUDGET COMMITTEE MEETING – February 6, 2015

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APPROVED MEETING NOTES

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APPROVED MEETING NOTES

**Attendees:** Wyman Fong, Dave Fouquet, Kathy Gould, LaVaughn Hart, Claire Huestis, Matt Kristcher, Deonne Kunkel, Natasha Lang, Lorenzo Legaspi, Alexandre Nguyen, Maria Ochoa, Rajinder Samra, Sarah Thompson, Chasity Whiteside, Barbara Yesnosky, Connie Willis

**Approval of Agenda**

The agenda was approved by consensus.

**Approval of Meeting Notes**

The February 6, 2015 meeting notes was approved by consensus.

**True-up of 3A Expenses – Board Election**

The budgeted amount for trustee election in fiscal year 2013-14 was \$350,000. The actual expenditure for the election was \$70,783.98. That left an over budgeted amount of \$279,216.02. Sarah Thompson made a motion to allocate the overage amount of \$279,216.02 to run it through the budget allocation model. Motion was seconded by Connie Willis.

Lorenzo Legaspi recommended that since this is considered onetime money, the locations can use it towards building their 1% reserve. The motion was then amended to allocate the use of this money towards building their 1% reserve. Deonne Kunkel amended the motion for PBC to recommend to the Chancellor that the \$279,216.02 run through the model and recommend to the sites that the funds be used towards building the site specific reserves. Motion was seconded by Cathy Gould. It was passed by vote count: Ayes -7, Noes – 0, Abstention – 1.

The next Board election is in two years, fiscal year 2016-17. This group is to recommend a reasonable amount to be budgeted for the election in 2016-17.

**2015-16 Budget Development – Revenue Assumption**

The Governor's January budget proposal includes \$353.3 million for mandated cost. Our district's share of that amount would be about \$5.2 million. The Governor's office, through the Department of Finance, has some guidelines for the use of this one time money. The guideline includes use for mandated cost reimbursement, deferred maintenance, instructional equipment and other one-time costs. The Committee discussed the needs for the campus and M&O to be able to plan for instructional equipment and deferred maintenance. Connie Willis stated that Chabot has identified their instructional equipment needs for 15-16. It would be extremely helpful to their planning process to know the baseline funding amount for instructional equipment for 15-16.

Motion was made by Connie Willis that for planning purposes the colleges can anticipate funding for instructional equipment and deferred maintenance to be at the FY 2014-15 funding level. Motion was seconded by Dave Fouquet. The motion was passed by consensus.

A recommendation from this group is needed for the balance of \$3.1 million to be included in the budget to be used for onetime costs.

**Marketing Coordination**

There has been discussion in the District Enrollment Management Committee for the need for marketing. Each college has their own marketing plan, but to reduce costs, there needs to be some coordination to work together. Las Positas Student representative, Alexandre Nguyen mentioned that

## PLANNING AND BUDGET COMMITTEE MEETING – March 6, 2015

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### APPROVED MEETING NOTES

the students have done some outreach by visiting high schools. The incoming students are not just interested in academics, but also the student activities and student life at the campus. Both

Campuses have voiced that there is a great need for marketing. Maria Ochoa of Chabot College commented that there needs to be a well-coordinated, comprehensive overview of the general plan of cohesiveness throughout the district.

The Planning and Budget Committee (PBC) does not have purview on marketing, but recognizes the true need for marketing in the district. The committee made a statement that PBC is in support of the need to increase the student success and that a comprehensive and coordinated marketing plan is developed to address the need for both campuses and funding be made available. The statement was passed by consensus. It will be distributed to the other groups/committees and to the Chancellor.

#### **Finalize Subgroup Discussions**

Maintenance and Operations will make a presentation to PBC at the April 3<sup>rd</sup> meeting.

#### **Interaction with Other IPBM Groups**

The PBC co-chairs plan to have joint meetings with other IPBM committees to develop timelines and the format for communication, including requests. The co-chairs will come back to the committee with more detail. Deonne Kunkel mentioned that at Chabot College they have a process that works well at the college level. She will provide the form to Lorenzo which could be used to help with better coordination and interaction with other committees.

#### **M&O Staffing Level–Memo from IPBM Facilities Committee**

The IPBM Facilities Committee made a request to PBC for consideration of the M&O staffing levels. It cited that some of the key functions in M&O have not been restored after being severely depleted during the recession. The district needs to start the process of resolving the matter immediately. They requested a forum to present the full M&O staffing report to PBC. The M&O subgroup presentation will be added to the agenda in the April 3 meeting.

#### **Develop Format for Recommendation**

The format for the recommendation was approved with minor changes. The co-chairs will put it together for the latest recommendation (True up of Board Election Budget) and will jointly present it to the Chancellor.

#### **BAM Questions**

To be addressed in the next meeting

#### **Next Meeting**

April 3, 2015- due to spring break the meeting will begin early at 12:30 p.m. and conclude at 3:30 p.m.

## **PLANNING AND BUDGET COMMITTEE DRAFT MEETING NOTES – April 3, 2015 - Approved**

**Attendees:** Karen Esteller, Wyman Fong, Dave Fouquet, Kathy Gould, LaVaughn Hart, , Deonne Kunkel, Natasha Lang, Lorenzo Legaspi, Pedro Ruiz DeCastilla, Chasity Whiteside, Barbara Yesnosky, Connie Willis

### **Approval of Agenda**

Agenda item, M&O Presentation was pulled for next meeting as the subgroup was not ready with their presentation.

### **Approval of Meeting Notes**

The March 6, 2015 meeting notes was approved by consensus.

### **M&O Presentation**

Postponed to next meeting

### **Budget Update**

Barbara Yesnosky reviewed the tentative budget with the group. In the January budget proposal the unrestricted mandated costs included Instructional Equipment and Scheduled Maintenance. However, in prior years the Instructional Equipment was classified as restricted funds. Barbara does not know how it would be categorized in this budget. The position control is back by April 27 and the next big event is the May Revise. After that the Tentative Budget will be taking shape.

Some of the highlights of the budget were:

FTES growth is 1% determined by DEMC. COLA is at 1.58%. Scheduled maintenance and instructional equipment remained at 2014-15 level of funding recommended by PBC at the last meeting. PBC also recommended a \$5.2 million budget for RUMBL. This year the Step 3A includes \$7000 for Actuarial Studies for the Post-Employment Benefits. There is no Trustee election this year and the Education Master Plan was a one-time cost so these are not included in this year's budget. Additionally, SERP will be done with the current year budget. Transition funding for LPC will be completed in 2015-16. The Franklin building is now sold so there would be no service cost in that area. It was mentioned that prior to the sale of the Franklin building, the loan payments were made from the General Fund. That amount will need to be calculated and reimbursed to General Fund. The District is carrying a Promissory Note for the Franklin loan from the buyer at 4.75%. Lorenzo will provide the details to the Note at the next meeting

On the expenditure side the medical premiums went down this year. Barbara reminded the group of the \$750,000 Measure B funds that were transferred to IT. At the conclusion of measure B, those expenses will need to be reverted to the General Fund. Barbara will bring to the next meeting, the expenses that will be charged to General Fund that were charged to Measure B for IT.

### **Continue Discussion on the \$3.1 Million Balance of the Mandated Cost**

The \$3.1 million is the balance from the \$5.1 million mandated costs of which \$2 million was allocated for Instructional Equipment and Scheduled Maintenance at the last meeting. The discussion was 1) to run all of the \$3.1million through the model and let the four service units (campuses, District Office, and M&O) decide on the use the funds for their one-time expenses. Lorenzo will obtain additional information from the state on the guidelines for one-time uses. 2) Set aside some funds for future use and hold the balance until other IPBM committee needs are identified. The committees are to provide their list of needs for PBC to review and prioritize. Lorenzo will find out from the state on the official language for carryover provisions, if it is available and bring it to the next meeting.

A motion was made by Lorenzo Legaspi that \$500,000 to be run through the model for mandated costs, as in the prior two years and hold the balance of \$2.6 million until PBC reviews the needs from other IPBM committees. Pedro Ruiz DeCastilla seconded the motion.

There was concern that the time frame for PBC to review and prioritize the needs of other committees and the completion of the budget by fall is too close. Connie Willis requested that Lorenzo's motion be separated.

## **PLANNING AND BUDGET COMMITTEE DRAFT MEETING NOTES – April 3, 2015 - Approved**

Lorenzo rescinded his motion. Wyman Fong seconded it.

Lorenzo then made a motion to run \$500,000 through the model for mandated costs as was done in the prior two years. Connie seconded the motion. Motion was carried by vote count of five (5) Ayes and three (3) Opposed.

He made another motion to hold the balance of \$2.6 million until PBC review the needs from other IPBM committees by August. Motion did not pass as there was opposition

The colleges felt that the campuses' needs are not represented in the district IPBM committees and their needs will be left out. The college committees can feed into the district committees, but again, the time frame is not enough to complete the process.

It was agreed that the balance of the \$2.6 million be made an agenda item for the next meeting.

### **Subgroup Meeting to Finalize**

Most of the key people from the subgroup committees were not present at this meeting. Therefore, the agenda item will be postponed to the next meeting. LaVaughn mentioned that the Special Programs Unit's needs to discuss the criteria for other programs and prepare the narrative. Lorenzo mentioned that the Reserve and RUMBL group is now combined and he prepared information to share on their tasks, but will include in the next meeting agenda. The subgroup presentations will start in the fall. This group needs to decide on the block of time to allocate for the presentations.

### **Recommendation of the True up of Trustee Election Result**

The co-chairs, LaVaughn Hart, Lorenzo Legaspi and Pedro Ruiz DeCastilla met with the Chancellor to review the format for PBC recommendation. Also addressed in the meeting was the over budgeted amount of \$279,216.02 from the true up of the Trustee Election and to run it through the budget model. Both items were approved.

### **BAM Questions**

To be addressed in the next meeting

### **Other**

At the May 22<sup>nd</sup> meeting, Lorenzo will provide an update to PBC with the Governor's May Revise. Lorenzo will inform the co-chairs of any significant changes. They will then decide on the need to meet so everyone can be informed.

Motion was made by Natasha Lang to adjourn the meeting. Wyman Fong seconded the motion. Meeting was adjourned at 4:10 p.m.

### **Next Meeting**

May 22, 2015

August 13, 2015



## **PLANNING AND BUDGET COMMITTEE DRAFT MEETING NOTES – May 1, 2015 - Approved**

**Attendees:** Karen Esteller, Hvestis Claire, Tom Dewit, Pedro Ruiz DeCastilla, Laurie Dockter, Dave Fouquet, LaVaughn Hart, Jeffrey Kingston, Natasha Lang, Lorenzo Legaspi, Thomas Orf, Chasity Whiteside, Barbara Yesnosky, Connie Willis,

### **Approval of Agenda**

The agenda was approved by consensus.

### **Approval of Meeting Notes – April 3, 2015 Meeting**

The April 3<sup>rd</sup> meeting notes was not approved for lack of votes. It is to be brought back to the next meeting for approval.

### **Budget Update – Tentative Budget**

Karen Esteller referred to the Budget Calendar and noted that the Position Controls were due back on April 27. She has not received them from Chabot College and Contract Ed. These are needed as soon as possible to complete the Tentative Budget. The Tentative Budget numbers have not changed much from the last presentation. She stated that we are waiting for the Governor's May Revise. The School Services of California reports that the statutory COLA is being reduced from 1.58% to 1.02%. Lorenzo added that the May Revise numbers could be even better since the state had increased revenues for the year. The Tentative Budget will be presented to the Board at the June 16, 2015 meeting.

### **Continue Discussion on Governor's January Budget Proposal**

#### **Re: \$353 Million Mandated Cost (\$5.1 Million for CLPCCD)**

The PBC, at its last meeting allocated \$1 million each to Instructional Equipment and Deferred Maintenance respectively, and an additional \$500,000 for Mandated Costs, based on last year's funding levels. The discussion was for the balance of \$2.6 million. Laurie Dockter stated that last week she attended a workshop in San Francisco and Dan Troy from the Chancellor's office was a presenter. She asked him about the mandated funds received by the districts. She was told that the money is General Fund. Laurie suggested that since this money is treated as General Fund, then the allocations made in the last meeting be taken back and run all of the \$5.1 million through the model. Connie Willis stated that when she made the motion to allocate the \$1 million for each deferred maintenance and instructional equipment, it was not discussed that these allocations in the prior years were made from restricted funds before they were suspended. Additionally, there was never a discussion that the district received the \$5.1 million as General Funds. She said that Chabot College still has some bond funds left for the instructional equipment. She agreed with Laurie that the entire amount of \$5.1 million should go through the allocation model. Jeff Kingston added that historically, deferred maintenance and instructional equipment has not been funded through general fund. He said that LPC has had sufficient funding in the last several years to meet their instructional equipment needs and they can fund their instructional equipment/supplies as line items in the budget. He too would want the amount to go through the model. Jeff also suggested that deferred maintenance could be covered by Measure B bond funds. Lorenzo commented that the bond money cannot be brought into this, it is already committed to specific projects approved by the Board of Trustees. He suggested that if a decision for the \$5.1 million cannot be made, the money can be placed in fund balance and complete the budget until a decision is reached on its distribution.

Sarah Thompson made a motion that from the \$5.1 million, take out \$1 million for deferred maintenance based on last year's funding model, while researching to see if bond funds can cover for deferred maintenance. Add back the \$1 million allocated for instructional equipment which would bring the balance to \$4.1 million and put it through the model. Laurie Dockter seconded it.

The motion was put out for further discussion. Lorenzo emphasized that the money can only be used for one-time expenses. Dave Fouquet stated that a portion of the \$5.1 million is for prop 39 and about \$1.8 million can be used for

## **PLANNING AND BUDGET COMMITTEE DRAFT MEETING NOTES – May 1, 2015 - Approved**

ongoing expenses. There was discussion of whether the \$1.8 should be treated as ongoing or one-time funding. Dave Fouquet also said that M&O is in desperate need of funds and the new Maintenance Director can provide us with an updated list of the needs in deferred maintenance.

The motion was further refined to set aside \$1 million for deferred maintenance, to take \$1.8 million and treat it as ongoing and run through the model, the balance of \$2.3 million to run through the model for one time expenditures and look at how the bond money is able to fund deferred maintenance; and if bond could help the deferred maintenance than the \$1 million would be brought back and run through the model. Motion was seconded by Laurie Dockter. Motion carried with eleven (11) Ayes and one (1) No votes.

The co-chairs will present the recommendation to the Chancellor.

### **Enrollment Update**

LaVaughn reported that the district will miss its FTES target for 2014-15. The target set in March of last year was 16,861 FTES. It will be missed by 576 FTES, so there will be a roll back from summer. Both campuses have worked very hard to increase the summer enrollment.

### **IEPI Indicators and PBC' Role**

The Institutional Effectiveness Partnership Initiative is sponsored by the states Chancellor's office. The Chancellor's office has asked districts to provide future goals and engage in long-term planning. There are two financial related goals, audit and fund balance. The reserves subgroup has said that the district fund balance should be at 8%. Lorenzo will report on these two areas.

### **Subgroup Meetings to Finalize**

Sarah Thompson reported on the Service Unit Presentations. She met with Doug Horner and the new Director of M&O to discuss needs and service level. M&O uses the industry standard to do their in-service evaluation. She reported that because of the increase in square footage and decrease in custodial and supervisory services, M&O does not have the support to provide us with the lowest level of service required by the industry standard. To bring the service level up, M&O needs \$1 million extra, along with their ongoing M&O budget.

Jeff Kingston reported that the Subsidiary Programs Unit did a true up for 2013-14. The difference from the true up will be carried over to 2014-15. The 2014-15 budget level will be aligned with the 2013-14 level. The 2015-16 numbers will be reset and the difference will be rolled over and reflected in 2015-16.

### **BAM Questions**

It was agreed that some of these questions are being answered as the group is moving along with its discussions. The language needs to be captured and incorporated into the document. Lorenzo volunteered to do the write-up, formalize it and bring back to the group.

### **Other**

None

### **Next Meeting**

*May 22, 2015 (May Revise)*

*August 13, 2015 (Convocation)*

**PLANNING AND BUDGET COMMITTEE DRAFT MEETING NOTES – May 1, 2015 - Approved**

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## **PLANNING AND BUDGET COMMITTEE APPROVED MEETING NOTES – May 22, 2015**

**Attendees:** Rajeev Chopra, Karen Esteller, Pedro Ruiz DeCastilla, Laurie Dockter, Wyman Fong, Dave Fouquet, Cathy Gould, LaVaughn Hart, Jannett Jackson, Matt Kritscher (proxy for Susan Sperling), Natasha Lang, Lorenzo Legaspi, Thomas Orf, Rajinder Samra, Sarah Thompson, Chasity Whiteside, Barbara Yesnosky

### **Approval of Meeting Notes – April 3 and May 1, 2015 Meetings**

The notes from both meetings were approved by consensus with a notation that proxies' names to be shown alongside the committee member they substitute.

### **Review of Tentative Budget and Governor's May Revision**

The Governor released the May Revision to the January Budget Proposal on May 14, 2015. Lorenzo cited the specifics from the Revision. The State's Prop 98 revenue increased to \$68.4 billion for budget year 2015-16, an increase of \$2.7 billion. Access/Growth, although the state growth is 3% we are using 1% growth for budget development, based on DEMC discussion. Statuary COLA is decreased to 1.02% from 1.58% as estimated in the January Budget Proposal. The Base Allocation Funding for operating expenses for our district increased to \$3.8 from \$1.8 million in January. Prior Year Mandated Costs for the district increased to \$9.5 million from \$5.2 million. The \$5.2 million in the January Proposal included Deferred Maintenance and Instructional Equipment. Both Deferred Maintenance and Instructional Equipment are now separate line items and not part of the \$9.5 million. Deferred Maintenance and Instructional Equipment were the two key areas that the PBC have been focusing on in their discussion for the distribution of the \$5.2 million.

### **Recommendation to Chancellor: Distribution of the \$5,193,188 Million Mandated Cost in the 2015-16 Budget - Dr. Jackson**

Dr. Jackson commended the Planning and Budget (PBC) committee for their hard work. Upon her request, the committee developed a formal recommendation form and also drafted an intra-committee communications form. She addressed her response to the PBC recommendation in the distribution of the \$5,193,188 million for the Mandated Cost in the 2015-16 budget. She explained her decision in an open letter that she prepared for everyone. She concurred with the committee's recommendation, except for the \$1.8 million that the PBC recommended to be ongoing. Dr. Jackson did not want to commit to this money to be ongoing revenue using the allocation model because these funds are one-time monies for restoration. In her letter she cited specifics from various institutions that indicated that the funds are one-time. She said that this one-time amount of \$1.8M will be entrusted to the Planning and Budget Committee to fund one-time projects, pilot programs and services, and/or facility updates that are processed through the Integrated Planning and Budget Model. She suggested that we wait until the budget is signed into law in July. Meanwhile we set aside the additional funds in the fund balance and continue budget discussions in the fall. At that point we can examine our needs, hear from other IPBM committees and wrap up our negotiations.

There was discussion that this money could be used to increase enrollment. The campuses have needs and the purpose of this money is to serve those needs. The colleges have their own local planning processes and it is not necessary to go through IPBM. The suggestion from the committee is to put all of the \$5.2 million through the allocation model and let the colleges divide it locally.

The Chancellor wished for the committee to follow the IPBM guidelines in which the PBC is charged with using a district-wide viewpoint of what is best for the organization as a whole.

## **PLANNING AND BUDGET COMMITTEE APPROVED MEETING NOTES – May 22, 2015**

Motion was made by Dave Fouquet to run the approximately \$5.2 million through the allocation model as one-time money and discuss allocation of anticipated \$4.3 million in the fall, as well as set aside for IPBM initiatives.

The motion was seconded by Rajeev Chopra. Motion carried by consensus.

Lorenzo stated that the revised recommendation will be forwarded to the Chancellor for consideration.

Meeting was adjourned at 3:05 p.m.

### **Next Meeting**

*August 13, 2015 (Convocation)*

# Business Services



## Planning and Budget Committee

<b>MEETING DATES</b>	<b>AGENDA PACKETS</b>	<b>MEETING NOTES</b>
May 20, 2016	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>
April 15, 2016	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>
March 4, 2016	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>
February 5, 2016	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>
December 4, 2015	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>
November 6, 2015	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>
October 23, 2015	Canceled	Canceled
October 2, 2015	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>
September 4, 2015	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>

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**PLANNING AND BUDGET COMMITTEE APPROVED MEETING NOTES –  
September 4, 2015**

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**Attendees:** Noell Adams, Rajeev Chopra, Karen Esteller, Pedro Ruiz DeCastilla, Laurie Dockter, Jeff Drouin, Wyman Fong, Dave Fouquet, Cathy Gould, LaVaughn Hart, Matt Kritscher (proxy for Susan Sperling), Natasha Lang, Lorenzo Legaspi, Kristin Lima, Thomas Orf, Barry Russell, Rajinder Samra, Susan Sperling, Stacy Thompson, Connie Willis, Barbara Yesnosky

**Approval of Meeting Notes – May 22, 2015**

The May 22, 2015 meeting notes was approved by consensus.

**Budget Update**

The Adoption Budget is scheduled to be approved by the Board at its September 15, 2015 meeting. Lorenzo Legaspi reported that the Governor's Budget increased our funding for Prop 98 and the California Community Colleges. The proposal from the governor increased Full Time Faculty statewide. For Chabot-Las Positas Community College District, this is about 8 FTEF for an allocation of \$900,000. He stated that the adoption budget is our baseline for discussion regarding the allocation model.

Karen Esteller, Budget Officer, delivered the draft of the adoption budget. The FTES, 17,191, remained same from the November DEMC projection. Some changes from Tentative Budget were increases in apportionment and Lottery funds. There was also increase in the Faculty Obligation Number (FON). Overall, there was a total increase in revenue of \$1.1 million from the Tentative Budget. Committed costs in Step 3A expenses decreased by \$7,000 for Actuarial cost which was already paid. There was significant increase in the revenue allocation from 2014-15 to 2015-16 in the adoption budget.

**Enrollment**

LaVaughn Hart reported that Las Positas College ended the spring with 3013.49 FTES. The college had a robust summer from 435 FTES in 2014 to 689 FTES in 2015. The fill rate was in the high 80%. As of August 30, the fall numbers were 3,016 FTES with the fill rate of 90%. Enrollment for FY 2015-16 is 3,805 and is at 54% of the total of 7,061.9 FTES. The college will continue to restore that number to the previous levels.

Dave Fouquet reported that Chabot College also had a strong summer, but not where they were before the recession. After the rollback their summer was at 670 FTES. Their gross for fall is 10,100 FTES, short by 28 of their regular number.

**Innovation funds**

Lorenzo Legaspi stated that the Chancellor provided directions for innovation funds of \$1.8 million to run through the model for use to increase and enhance enrollment. The four locations are to inform the Planning and Budget Committee (PBC) of the use of these one-time funds.

LaVaughn Hart stated that the committee's recommendation, which was to put the \$1.8 million through the allocation model as unrestricted one-time monies, to the Chancellor for the \$1.8 million was denied. The Chancellor did not have a discussion with the committee, but unilaterally decided to use the money for the innovation funds. The committee did not meet again to discuss nor agreed to run the funds through the model with the restriction that the monies could only be used for specific purposes as delineated by the Chancellor. The committee feels that it is in the purview of the PBC to discuss monies that come into the district and there should be a process for discussion.

Barbara Yesnosky clarified that there are two different parts in new monies, the increase of \$3.9 million in the base allocation and the innovation funds of \$1.8 million from the mandated costs. Both are included in the model. She will provide these numbers at the next meeting.

**PLANNING AND BUDGET COMMITTEE APPROVED MEETING NOTES –  
September 4, 2015**

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Lorenzo Legaspi updated the group that a Tentative Agreement (TA) has been reached with the Faculty Association. The TA will be presented to the Board at the September 15 meeting. Faculty has four year (through 2017-18) salary advancement and these costs are to be accounted for in this budget so a portion of the new monies the new monies are essentially committed. As the CFO, he needs to share the multi-year commitment with this group and advise the Chancellor.

The committee needs to revisit the implementation question, specifically question #7 relating to new revenues.

Barry Russell asked if there was any strategic discussion on aligning the eight faculty positions and the FON between the two colleges. Chabot College's faculty is higher because of the Nursing and Dental Hygiene programs. Las Positas College tends to hire more classified and Chabot hires more faculty. It is important to have a ratio between classified and FTEF to see that FON is equitable in both colleges. Lorenzo suggested that the two college Presidents meet and discuss the matter.

Establish Meeting Dates

First Friday of every month.

Next Meeting

October 2, 2015

## **PLANNING AND BUDGET COMMITTEE DRAFT MEETING NOTES – October 2, 2015**

**Attendees:** Noell Adams, Rajeev Chopra, Karen Esteller, Pedro Ruiz DeCastilla, Laurie Dockter, Jeff Drouin, Wyman Fong, Dave Fouquet, Cathy Gould, Matt Kritscher, Deonne Konkel, Natasha Lang, Lorenzo Legaspi, Thomas Orf, Barry Russell, Rajinder Samra, Susan Sperling, Connie Willis, Barbara Yesnosky

### **Approval of Agenda**

The committee approved the agenda.

### **Approval of Meeting Notes – September 2, 2015**

The September 2, 2015 meeting notes was approved by consensus.

### **Evaluation of Budget Allocation Model**

The implementation questions were developed basically for evaluating our budget allocation model as we go along. The implementation questions will be revisited.

Dave Fouquet stated that when the model was implemented the colleges were cut deeply before the recession, more than other district entities. Now that we are receiving the growth monies and reviewing the budget allocation model, it is necessary to review the areas of productivity and services.

Lorenzo Legaspi stated that the program review of various departments could be added to the implementation questions, but reminded the group that the School Services staffing report showed that the Business Office and Maintenance & Operations are lean in staffing.

### **Answer Implementation Questions**

#### *Question # 1- How will the districtwide basis and replenished?*

It was decided by the budget subgroup that the districtwide reserves be increased from 5% to 8% and the colleges to have a 1% reserve in their budget. Any unreserved/undesignated funds will be a separate line item.

#### *Question # 2 - How much of a reserve will colleges, District Office, and Maintenance and Operations be allowed to keep?*

The colleges can keep anything over their 1% reserve at the locations. The intent is for the locations to keep the balances. However, if they have shortfalls it will be the responsibility of the location. If the reserve is used up it will need to be replenished the following year.

#### *Question # 3- How will unit level deficits be addressed?*

When this occurs the shortfall would come from districtwide reserves. The withdrawn against the districtwide reserves may require an across-the-board allocation reduction in subsequent years to replenish the districtwide reserves. The districtwide reserve cannot fall below 5%.

#### *Question # 4- How will funded FTES be allocated to the colleges, growth, decline, and restoration?*

The committee felt that DEMC should have input in answering this question. If the FTES target is not met, the budget should not be adjusted downward. The district has the flexibility to rollback. The colleges should be allowed the same stability mechanism.

The second issue is that the expense happens in the current year and the revenue is realized in the following year. If the college is short FTES in the current year, according to the Ed Code, the district does not get the reduction in funding until the following year.

It was decided that the two issues, internal stability and rollback on this question be postponed.

## **PLANNING AND BUDGET COMMITTEE DRAFT MEETING NOTES – October 2, 2015**

*Question # 5- Will the model be corrected for actual results including state apportionment to deficits?*  
Again, there needs to be flexibility. The colleges should not be penalized for not meeting its target but funded for growth.

Rajeev Chopra stated that the colleges have dual pressure; generate the revenue and manage the expenses and yet all the entities share with the revenue.

Lorenzo Legaspi responded that in the past, there have been the mid-year reduction from the state that goes through the model and everyone is affected.

*Question # 6 - How will summer FTES be treated in the event it is needed to make the funded cap?*  
Summer rollback should be minimal. Flexibility should be there, but we need to maintain realistic productivity goals.

*Question # 7- How will new revenues not currently represented be treated in the model?*  
Jeff Kingston suggested a conservative approach, to base the funding on target on the actual funding of prior year and not on the budget year for the FTES. The colleges should know what their FTES is and not what the state funds.

Lorenzo stated that the concept needs to be discussed in DEMC.

Connie Willis was concerned that there is a significant amount of money that was not put through the model and the colleges needs to plan and allocate these funds.

Susan Sperling echoed Connie's concern and said that they were enthusiastic about the autonomy at the college level, but that it is problematic not knowing the ability to plan. There seems to be differences in the interpretation of the restoration fund.

Lorenzo said that some of the ongoing money has been committed for the faculty increases as a result of negotiations in their contract and the SEIU reclassification study.

The consensus of the group was that unrestricted funds come through this group to decide and then make recommendations. Lorenzo will add the language and update question number 7.

***Action Item:*** Lorenzo to provide two separate documents: one for the \$2 million ongoing expenses and one for the \$4 million one time monies. Also to track separately, all the Measure B expenses that will be reverting to the General Fund, including the colleges.

### **Long Range Planning**

This agenda item is to continue in the next meeting.

Next Meeting

October 26, 2015

**PLANNING AND BUDGET COMMITTEE DRAFT MEETING NOTES – October 2, 2015**

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## **PLANNING AND BUDGET COMMITTEE APPROVED MEETING NOTES – November 6, 2015**

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**Attendees:** Noell Adams, Tina Inzerilla for Rajeev Chopra, Karen Esteller, Pedro Ruiz DeCastilla, Mike Sherburne for Laurie Dockter, Jeff Drouin, Wyman Fong, Dave Fouquet, Cathy Gould, Matt Kritscher, Lorenzo Legaspi, Barbara Morrissey, Thomas Orf, Diana Rodriguez, Barry Russell, Connie Willis, Barbara Yesnosky

### **Approval of Agenda**

The agenda was approved by consensus.

### **Approval of Meeting Notes – October 2, 2015**

The October 2, 2015 meeting notes was approved by consensus.

Lorenzo Legaspi acknowledged Jeff Kingston and announced that this was Jeff's last PBC meeting. He was leaving the district for a position elsewhere. Everyone wished him good luck.

### **Budget Development Calendar FY 2016-17**

The PBC meeting dates were highlighted in budget development calendar as the events happening prior to the meeting would make it meaningful, e.g. the governor's budget proposal February. Lorenzo asked that the if people had suggestions to please send them to the co-chairs

### **Evaluation of Planning and Budget Committee and the Budget Allocation Model**

#### **Answer Implementation Questions**

As a starting point and to assist PBC in the evaluation process of the committee's structure, a draft evaluation form was distributed. The committee would continue to do process improvement at things that would make the committee's work more effective with goals for next year's budgeting process. The committee reviewed and discussed some of the outstanding questions about the Budget Allocation Model (BAM) last year, but a more comprehensive review is necessary. Any changes to committee's charter or membership would need to go through the Chancellor's work group. Members were asked to review the draft and submit comments prior to the December fourth meeting. It is the committee's goal to start the BAM review process next month.

### **True up of 2014-15 Fiscal Year, Revenue and Step 3A Expenses**

The true up of the 2014-15 budget resulted in additional revenue of \$1,556, 428 million in one time money. This was due to the annual recalc reporting of additional FTES. The target was 16,861 FTES and the final reporting to the state was 17,196.

Dave Fouquet reported that at the last District Enrollment Management Committee (DEMC) meeting, they discussed growth with expectation to come out of stability funding in the year 2017-18. The plan is to roll back the entire summer into 2016-17 and maximize the FTES to 17,362 or more for 2016-17. A recommendation was made to the Chancellor with the target of 17,362 FTES. The Chancellor has rejected the committee's recommendation and reduced the target it to 16,867 FTES resulting in the cost savings of 30 FTEF.

The committee felt that the additional source of funds from the true up of the 2014-15 budget can be utilized to achieve the additional growth target of 17,362 for 2016-17.

Tom Orf made a motion to utilize the 2014-15 true up funds primarily to support enrollment growth for 2016-17 at the colleges. It was seconded by Tina Inzerilla, proxy for Rajeev Chopra.

Motion was carried and the co-chairs would make the recommendation to the Chancellor.

**PLANNING AND BUDGET COMMITTEE APPROVED MEETING NOTES – November 6,  
2015**

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**Allocation of Remaining One Time and On-Going Revenue for FY 2015-16**

After the development of the district's tentative budget, the Governor increased the base allocation funding. As a result the district received additional funding of \$6,552,866 including one-time mandated costs and approximately \$2.4 million in ongoing general apportionment funding. Lorenzo recommended that these remaining funds for 2015–16 continue to be unallocated as the current revenue is covering the expenses. The funds would be held in the fund balance until the Governor's proposal for future revenues and then allocate these funds. The PBC took no action on this at this time.

**Next Meeting**

TBD



**PLANNING AND BUDGET COMMITTEE DRAFT MEETING NOTES –  
December 4, 2015**

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**Attendees:** Noell Adams, Rajeev Chopra, Laurie Dockter, Jeff Drouin, Wyman Fong, Dave Fouquet, Cathy Gould, LaVaughn Hart, Deonne Konkel, Lorenzo Legaspi, Thomas Orf, Pedro Ruiz DeCastilla, Rajinder Samra, Carla Walter, Barbara Yesnosky

**Approval of Agenda**

The agenda was approved by consensus.

**Approval of Meeting Notes – November 6, 2015**

The November 6, 2015 meeting notes was approved by consensus.

**Evaluation of Planning and Budget Committee and the Budget Allocation Model**

- For the most part, the philosophy/mission statement of the committee has worked. However, the mission statement still needs to be revisited.
- People from other groups such as Maintenance and Operations may need to be included. The composition of the membership should be revised based on the participation from other service groups.
- The charge of the committee is functional, but we need to review the relationship of this body to the Chancellor's direction.
- Financially, the long term direction of the district is solvent. All members agreed that the frequency and the length of the meetings are appropriate
- The committee has been effective and accomplished all the goals set for fiscal year 2014-15 such as the True-up of 3A Expenses, True-up of reserves, Development of form for recommendations

**Update: Allocation of Additional Revenue Generated by Rollback to 2014-15**

The co-chairs presented the recommendation to the Chancellor, but no formal response has been received from the Chancellor. However, at a special Senior Leadership Team meeting the Chancellor indicated that the \$1.5 million will not be distributed at this time but will be held in reserve. She cited several factors that we need to consider before allocating these funds. Dave Fouquet and LaVaughn Hart were also present at the special meeting. Dave Fouquet stated that in addition to the issue of STRS and PERS, the part-time faculty benefits plan has not been resolved yet. The define benefits would be retroactive and the district's share could be higher than 4%. In addition to the \$1.5 million we need to account for the \$3 million ongoing and \$4 million one-time money for a total of \$7.8 million.

**PLANNING AND BUDGET COMMITTEE DRAFT MEETING NOTES –  
December 4, 2015**

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Lorenzo stated that we also need to identify the expense side of our responsibility to match up with the revenue before we run it through the model.

**Information: DEMC Recommendation on 2016-17 Target**

The current target for 2016-17 is 16,867 and the budget will be based on the 16, 867. This number may change depending on the actual for the current year. Dave Fouquet stated that for 2016-17, DEMC recommended a base of 17,191 and a target of 17,362. The colleges are doing their budgets based on 17,191 FTES. Building the budget on the 16,866 target will deprive the colleges from being effective with their current target and in serving the students. He said that at the meeting two weeks ago, he asked the Chancellor that since 16,866 is a lot lower number than 17,191, would that mean money will be taken away from the colleges. The Chancellor said, “of course not, we are not gonna do that”.

Lorenzo said that he will need to clarify that with the Chancellor as that would change the current planning.”

**Next Meeting**

February 5, 2016

**Evaluation of Planning and Budget Committee and the Budget Allocation Model (BAM)**  
**Committee Structure/Process**

Has committee's action been guided by the philosophy/mission statement developed last fall?  
Does the statement still reflect the philosophy/mission of the committee?  
Does the philosophy/mission statement need to be revised?

**Discussion**

For the most part, the philosophy/mission statement of the committee has worked. However, the mission statement still needs to be revisited.

**Committee Membership**

Is the number of Committee members appropriate?  
Does the composition of the Committee membership serve the purpose of the Committee?  
Should the number of Committee members or composition of the membership be revised?

**Discussion**

People from other groups such as Maintenance and Operations may need to be included  
The composition of the membership should be revised based on the participation from other service groups.

**Committee Charge**

Is the committee functional?  
Does it support the long-term direction of the district?

**Discussion**

The charge of the committee is functional, but we need to review the relationship of this body to the Chancellor's direction. Financially, the long term direction of the district is solvent.

**Committee Meetings**

Is the frequency of meetings appropriate to the work of the committee?  
Is the length of Committee meetings appropriate to the work of the committee?

**Discussion**

All members agreed that the frequency and the length of the meetings are appropriate

**Committee Effectiveness**

True-up of 3A Expenses  
True-up of reserves  
Development of form for recommendations

**Discussion**

The committee has been effective and accomplished all the goals set for fiscal year 2014-15

### **Unfinished/Partially-finished Tasks**

Questions on BAM implementation/impacts

Presentations from service areas

### **Discussion**

Several of the BAM questions are unfinished. Need more presentations from other service areas.

### **Overall Committee Effectiveness**

What has worked well?

Where have we faced challenges?

What is keeping us from doing our work effectively and/or from following our philosophy/mission statement?

Is the PBC supporting the long term direction of the district

### **Discussion**

The process of the true ups has worked well. The Budget Allocation Model is more understandable.

The PBC has been faced with challenges on its recommendations to the Chancellor and the relationship with the Chancellor. It has also been faced with the challenges on new revenue sources. The allocation criteria for the distribution of the 3A expense to the four locations and adjustments. The analysis of the resources available versus the budget allocation model is necessary. We need to define the ongoing and onetime expenses.

The committee has been unable to do its work effectively because it is trying to do too much.

Financially, The PBC is supporting the long-term goals of the district to remain solvent.

### **Other?**

None

### **Discussion**

#### **15/16 Goals**

What should be our focus for 15/16?

### **Discussion**

- Institutional effectiveness of the district and college
- Determine the needs of sites to get a better understanding of its needs
- Review of the 3A expenses
- Review of the revenues and expenditures
- Determine the allocation of one time money
- Answer the implementation questions and prioritize
- Review the Budget Allocation model for the next budget cycle

Other challenge include: accounting for collective bargaining agreements, setting aside revenues for future known and anticipated expenditures (COLA's, PERS, STRS) and keeping the discussion focused on issues and not personalities

**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES – FEBRUARY 5, 2016**

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**Attendees:** Noell Adams, Rajeev Chopra, Laurie Dockter, Jeff Drouin, Dave Fouquet, LaVaughn Hart, Lorenzo Legaspi, Thomas Orf, Pedro Ruiz DeCastilla, Rajinder Samra, Carla Walter, Barbara Yesnosky; By phone: Susan Sperling, Matt Kristcher.

**Approval of Agenda**

The agenda was approved by consensus.

**Approval of Meeting Notes – December 4, 2015**

The December 4, 2015 meeting notes was approved by consensus.

**Chancellor's Response to PBC's recommendation for \$1,566,428**

The Chancellor's letter of response with her signature on the recommendation was shared with the committee. The Chancellor disapproved the recommendation of the PBC to use these one-time funds to support enrollment growth for 16/17 at the colleges. The signed document will be made part of our notes and archived for record purposes.

**Budget Development Calendar for Fiscal Year 2016-17**

The 2016-17 budget development is on schedule. The Governor's budget proposal will be reviewed at this meeting. After February 8<sup>th</sup> (census), enrollment numbers will be reviewed to project final enrollment numbers for 15/16. The census enrollment projections will be used to develop the budget which will change as a result of the actual census numbers. Also on Monday, February 8 the budget priorities will be finalized using the revenue and expenditure assumptions in developing the budget.

**Budget in Brief**

- Proposition 98 Minimum Guarantee is estimated to grow to \$71.6 billion in 2016-17, up from the \$68.4 billion.
- Access- Growth for CLPCCD is 1%.
- Cost of Living Adjustment (COLA) - is a disappointing 0.47 percent, approximately \$400,000 for our district. In fall 15, the projection was 1.6-1.9%.
- Full Time Faculty Hiring - last year we received ongoing \$914,000 and hired eight additional faculty. There is no new augmentation for 2016-17.
- Base Allocation Funding – last year we received ongoing \$4 million for the district and \$266.7 million system-wide. There is no new augmentation this year.
- Workforce - \$200 million statewide for this year. It is all ongoing money. A trailer bill is expected to explain its implementation. The discussion amongst CBO's prior to the May Revise is that we need discretionary funding and it could be carved out of this source.
- Maintenance and Instructional Equipment - \$289 million statewide, basically double the amount from last year. \$255 million is coming from ongoing sources, but it is coming to us as one time. Part of the lobbying in Sacramento will be to ask the Governor to free up some of that ongoing money and give to us as discretionary funding
- Prior Year Mandated Cost Claims - \$76 million statewide in one-time funding is provided on a \$66 per FTES basis to retire outstanding mandate claims.

**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES – FEBRUARY 5, 2016**

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**Budget Development**

Based on information from the DEMC meeting held earlier in the day, it is projected that 15/16 enrollment will be 17,000 FTES. When the Chancellor rejected the recommendation of DEMC last fall to set the 16/17 based at 17,191 and target at 17,362, she agreed to add 1% growth to the 15/16 total enrollment as the target for 16/17. Based on current enrollment projections this would set our 16/17 target at 17,170 FTES. The district plans to roll back enough from this summer year which will then bring the total to 17,362 FTES funded by the state. The FTES number to be used for revenue projection for 2016-17 will be the 17,362.

Dave Fouquet suggested that we consider rolling back all of summer FTES which will bring the total closer to 17,500 as we will be in stability next year.

Lorenzo acknowledged that if there is growth money left over at the state level we can rollback to 17,500, but if no growth funds are available we can end up with unfunded FTES.

Lorenzo reported that all the ongoing money received last year will be in the 2016-2017 budget. That is the unallocated \$4.2 million mandated funds and the balance of the ongoing \$2.1 million unallocated base funding; the entire amount will be augmented to the 2016-17 base allocation. There is some money left in the 2015-16 for faculty hires but there is no new money for 2016-17.

LaVaughn was concerned that we may not meet the FON number based on our reporting of the 17,362 FTES.

Lorenzo clarified that the FON is set by the state and the calculations are done at the district level. The FON is based on the P-2 enrollment report and for fall 2016 it is 304 districtwide. The district has been meeting its FON obligation at almost 98% of the time.

Rajeev Chopra raised concern that all funds claimed from the state are not allocated to the colleges. He requested that a separate line item needs to be created for transparent accounting.

Dave Fouquet mentioned that there used to be a District Reserves Committee who kept track of the district reserves.

Lorenzo acknowledged and said that the topic of reserves be made part of the future discussion for this committees. Last year when we worked in small groups on a number of issues, the Reserves group did recommend a minimum desired reserve balance (8%). However, they did not finish the discussion of a maximum reserve balance goal or process for reaching that goal. Carla Walter stated that it would be good to develop a metric that would help determine the level of reserves that the district should maintain.

**Items to be provided at the next meeting**

Fund balance breakdown

FON information and calculations

**Next Meeting**

March 4, 2016

**PLANNING AND BUDGET COMMITTEE  
APPROVED MEETING NOTES – FEBRUARY 5, 2016**

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**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –MARCH 4, 2016**

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**Attendees:** Noell Adams, Rajeev Chopra, Laurie Dockter, Jeff Drouin, Karen Esteller, Wyman Fong, Cathy Gould, LaVaughn Hart, Lorenzo Legaspi, Pedro Ruiz DeCastilla, Rajinder Samra, Susan Sperling, Stacy Thompson, Carla Walter, Barbara Yesnosky; By phone: Thomas Orf

**Approval of Agenda**

The agenda was approved by consensus.

**Approval of Meeting Notes – February 5, 2016**

The February 5, 2016 meeting notes was approved by consensus.

**Fund balance break down**

At the adoption of 2015/16 budget that district had a total fund balance of \$22.1 million. The true up of the 2014-15 budget added additional dollars and the fund balance was adjusted to \$23.6 million. This amount represents 21% reserve, of which \$6.9 million is committed or designated for specific accounts/purposes, e.g., site reserves, Contract Education reserves, co-curricular funds, etc. The unspent dollars at the locations are kept at their sites. However, if there is need, these funds can be added into the district fund balance. Last year, the committee recommended to increase the minimum district reserves from 5% to 8% which, after subtracting the 8% reserve left a balance of \$7,783,093 as the undesignated amount. As of now the district's reserve is about 15%. The breakdown of the total fund balance or reserves is shown below:

One time Mandated Claims	\$4,226,734
Unspent ongoing monies from prior year	\$2,092,270
Adjustment after the 2014-15 true-up	<u>\$1,465,089</u>
Subtotal Total	\$7,783,093
8% district reserve	<u>\$9,014,124</u>
Total undesignated funds or 15% reserve	<u>\$16,797,217</u>

Lorenzo felt very comfortable with the district's current reserves. He said that it can absorb expenses for at least two years in a recession. However, if the group disagrees to the 15% reserve it can be discussed to lower it.

LaVaughn noted that the reserves have increased by about 86% in one year. She felt that there should be a ceiling for the reserve and a plan to reach it gradually. She mentioned that there needs to be future discussion on Contract Education. The district's Step 3A expenses pays for their rent and other miscellaneous overhead costs. However, Contract Education does not contribute any funding to cover these expenses. As they have significant reserves, it seems time to review this area.

Rajeev suggested that we need to look at the past few years' expenses and project future expenses including known increases in salaries and STRS/PERS and forecast the impacts of potential changes in funding on the reserves. This could result in multiyear budget planning. A group was selected to model the project before the end of the fiscal year. Members comprised; Rajeev Chopra, Barbara Yesnosky, Carla Walters and LaVaughn Hart. LaVaughn suggested

**PLANNING AND BUDGET COMMITTEE  
APPROVED MEETING NOTES –MARCH 4, 2016**

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that the new incoming VP of Administrative Services at Las Positas College be included in this group.

**FON information and calculations**

The Board of Governors determines the funding of FON. The district is above on its FON numbers, for fall it is 286 and we are at 291. The P-2 reporting of our actuals will be the basis for our FON number for the following year. It does not include the rollback. The FON for 16/17 is approximately ~305.

**Enrollment Projection for 2016-17 Tentative Budget**

Lorenzo stated that current enrollment number for 15/16 is 17,059 FTES and with 1% growth it will bring us to 17,229.5 FTES, which is the number that the allocation model will be based for 2016-17.. The colleges are targeting to generate 17,362 FTES. In summer 2015, the district enjoyed very robust summer enrollment. The colleges are planning even larger summer sessions for Summer 2016. As we are planning to be in stability in 16/17, it would be advantageous to rollback as much of summer as possible to capture the available growth. Discussions are ongoing as to how much to rollback; one possibility would be to rollback to 17,500. In 2017-18, we will be out of stability and we will be funded based on actual FTES generation (no rollback). The amount to rollback will be a topic of discussion at the next DEMC meeting. The goal is to be at 17,500 (or whatever number that we rollback to) in the next two years. However, there is the possibility to lose some FTES if there is no growth.

**Allocation Model for 2016-17**

Lorenzo asked that the multi-year projection plan group to complete their study by end of April, so numbers can be plugged into the Allocation Model and make assumptions.

**Drafts – Tentative Budget Development Calendar**

Barbara Yesnosky and Karen Esteller met with the V.P's of Academic Services and decided that the Budget Development Calendar needs to be more structured. They added a lot more steps to the calendar to include the responsible people for the due dates and the process in exchanging information. The Tentative Budget must be approved by June 20<sup>th</sup>. The Board meeting is on June 14<sup>th</sup>.

**State Requirement of More Institutional Effectiveness Goals**

Rajinder stated that the state requires the district needs to set goals for fund balance and be in compliance with several fiscal requirements namely, audit findings. The new Vice Chancellor of Educational Services will be updated on the subject.

**Other**

Lorenzo announced that at its meeting on March 1<sup>st</sup>, the Board passed a resolution for a Bond Measure. The district will be going for another Bond Measure for \$950 million at the June 7<sup>th</sup> election. Polls taken by a consultant showed a 75% support from the community.

**Next Meeting**

April 15, 2016 (rescheduled from April 4, 2016 due to Spring Break)  
Meeting time: 9:30 a.m.

**PLANNING AND BUDGET COMMITTEE  
APPROVED MEETING NOTES –MARCH 4, 2016**

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**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –April 15, 2016**

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**Attendees:** Noell Adams, Laurie Dockter, Karen Esteller, Cathy Gould , LaVaughn Hart, Lorenzo Legaspi, Pedro Ruiz DeCastilla, Thomas Orf, Barbara Yesnosky; By phone: Carla Walter

**Approval of Agenda**

The agenda was approved by consensus.

**Approval of Meeting Notes – April 15, 2016**

LaVaughn expressed concern about the statement in the meeting notes regarding the sweeping of the site reserves into the district fund balance as needed. A clear distinction is necessary between need and emergency. During the Budget Allocation Model (BAM) development process, there was great concern about the sweeping of funds into district reserves, The Chancellor had made an open ended statement that the district can take the site funds. Her concern is that the language in our notes reinforces the Chancellor's position that the district can sweep site reserves as desired. She felt it would negate the incentive set by DBSG for the sites to build the reserve during the BAM development and be against what was agreed to when the BAM was created.

Lorenzo stated that the locations will be able to keep a fund balance/reserve if they are under budget and maintain the incentive for the colleges. He will make this a future agenda to discuss further and define parameters for need and emergency. He suggested that perhaps at the next BAM review the committee should add more language on reserves.

The April 15, 2016 meeting notes was approved by consensus.

**Fund Balance Goals for Institutional Effectiveness**

This will be handled at the district level with the goal to keep a positive fund balance, maintaining an 8% reserve and the district audit findings to be clean and unmodified.

**Irrevocable Trust for Retirement Benefits**

The district currently has a RUMBLE fund set up for retiree benefits with \$4 million in it. It is designated by the Board for retiree medical benefits. Our current OPEB liability is \$138 million. Lorenzo informed the group that we are in discussions with Keenan and Associates to setup an Irrevocable Trust fund which will be specifically earmarked for the retiree benefits. The Trust will create a legal entity for those funds to be locked in and cannot be used for district needs.. Barbara added that one benefit of the Trust is the use of different discount rates in the calculation of the liability and it helps us with our audit financial statements, the accreditation and our credit rating. The current requirement is to include the OPEB liability on the face of the income statement and it will be an advantage to the district if we can reduce the liability on the books. The district is looking at the initial Trust setup for \$1 million dollars. Lorenzo will present this to the Board and will need the support from PBC.

**Credit Opinion by Moody**

The district's credit rating has been upgraded from Aa3 to Aa2. This was contributed to the significantly improved reserves, moderate debt and pension burdens; a rebound to the district's liquidity and stable student enrollment and a strong management. The Aa2 rating also reflects the

**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –April 15, 2016**

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district's large and expanding tax base, above average in the San Francisco Bay Area. Lorenzo credited this group for the ratings upgrade.

**2016-17 Budget Update**

Karen Esteller informed that the budget has not changed much since it was presented at the last meeting. Lorenzo reminded everyone that consideration should be given to the Step 3A expenses for the cost of the Bond measure election in June. He mentioned that since the district has a healthy fund balance, it may not affect the colleges' operational budget.

Tom Orf expressed disappointment that the Chancellor did not avail herself at the meeting to discuss the release of the growth funding. The colleges are spending hundreds of hours in looking at hiring new faculty and it is critical to know if the funding will be available. He is concerned that they may lose prospective candidates in the long wait to realize the funding availability and not knowing if the positions could be filled. The positions were advertised based on the FON numbers and may result in wasted advertising dollars.

LaVaughn stated that the colleges are set to work with 17,362 FTES and to plan for it they would like the Chancellor to fund that number. She noted that one possibility for discussion might be that if the district will rollback to 17,500, it would be beneficial to have a mockup of the allocation model funding for 17,350 or a number less than 17,500 but greater than the current 17,229.

Lorenzo stated that along with the financial piece we also need to streamline the hiring process. Funding has been allocated in the budget for the projected 17,229 FTES for 2016-17. It is also anticipated that we would rollback to 17,500 which will take us into stability in 2016-17. The funding difference between actual and rollback was placed in reserves last year. The colleges are expected to use up their fund balance before using the captured growth funds. This body can recommend to the Chancellor to accept, change or modify. He acknowledged that LaVaughn's suggestion is reasonable, but recommended that we wait until the May Revise. The three co-chairs will come up with a number and meet with the Chancellor to make a recommendation prior to the next meeting. They will invite the Chancellor to the next meeting.

**Next Meeting**

May 20, 2016 to meet from 11 a.m. to 12:30 p.m. when the May Revise numbers will be provided to the group.

**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –May 20, 2016**

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**Attendees:** Noell Adams, Rajeev Chopra, Laurie Dockter, Tom Dewit, Jeff Drouin, Wyman Fong, Dave Fouquet, Cathy Gould, LaVaughn Hart, Krista Johns, Lorenzo Legaspi, Thomas Orf, Pedro Ruiz DeCastilla, Barry Russell, Rajinder Samra, ; *By phone:* Natasha Lang, Carla Walter

**Approval of Agenda**

The agenda was approved by consensus

**Approval of Meeting Notes – April 15, 2016**

The April 15, 2016 meeting notes was approved by consensus.

**Governor's May Revision**

Lorenzo reported that the May Revision will include an increase of \$1.1 million in base apportionment for the district. The major change that affected our January assumptions was COLA, from 0.47% to 0% with the net effect of \$663,678 to the district. The other major revenue is the mandated costs at \$28 per FTES for \$970,847 for the district. The total in new revenues compared to the January proposal is approximately \$1.6 million which will go through the model. Other revenues outside of the model will have to wait until the Governor signs the final budget. Lorenzo thanked the Chancellor for joining the meeting today.

Dr. Jackson said that she has not been able to attend the PBC meetings because of conflict with another meeting. She has been elected to the state CEO Board which also meets on Fridays. Dr. Jackson thanked the Planning and Budget Committee (PBC) for all the work the committee has done. She said that the committee has followed all its goals and mission and is one of the most effective committees.

Dr. Jackson discussed her role with the PBC. In 2014, when she came on board, the district did not have a formal body for making recommendations to the Chancellor. She formed the Chancellor's Work Group that gathered information and with a recommendation to the Board, created district-wide committees with guiding principles. The PBC is charged with using a district-wide viewpoint of what is best for the organization as a whole. The Educational Master plan and the District Strategic Plan were also completed. Dr. Jackson said that these parameters should be used when making decisions. She understands the frustration of the committee that most of the time their recommendation to the Chancellor is not accepted. Dr. Jackson suggested that the co-chairs have some discussion with her on important areas prior to the recommendation. The Vice Chancellors, who are the co-chairs and her point of contact, need to bring important matters to her attention and discuss with her during their one-on-one meeting.

Rajeev said that the committee's work should not be based on pre-approval of anything that looks like it is important to the Chancellor, the Vice Chancellor of finance, who is the highest financial person is part of discussions all the time. If Chancellor feels that she should be part of the discussion that can be arranged.

The Chancellor said that she encourages the committee to have its own focus, but on important matters, the Vice Chancellor should let her know and have her attend the meeting. Lorenzo thanked the Chancellor for clarifying these items.

**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –May 20, 2016**

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**Tentative Budget**

Lorenzo stated that the \$1.6 million mandated cost will go through the model, but not included in the Tentative Budget. It will be in the Adoption Budget and the Vice Presidents can budget for it. He cautioned that the mandated cost of \$28 per FTES has been ongoing, but it is still categorized as one time. For fiscal year 2016-17 we are counting on 17,229 FTES without rollback. This number will propel us to 17,400 FTES for 2017-18. The 2017-18 FTES target of 17,500 can be placed on the schedule with the anticipation that it will get funded. If there is not enough funding, we could lose the extra FTES that was reported.

**Measure A – June Election and Board Election – November**

The cost of the June and November elections will be reported to the PBC when the numbers are available.

**Election of Co-Chairs**

LaVaughn stated that there is nothing in writing for election of co-chairs, so she brought a proposal to be discussed. She recommended that the election of co-chairs in the fall be staggered. The Vice Chancellor of Business Services is the permanent co-chair. The faculty and classified co-chairs will be appointed for two-year terms. Commencement to be staggered so that the faculty co-chairs will serve a third year term in 2016-17 and new faculty co-chairs will be appointed in fall of 2017-18. New classified co-chairs will be appointed in fall of 2016-17. Thereafter, the co-chairs will be appointed every two years and staggered. The committee agreed to the appointment of the co-chairs.

**Future Meetings**

*September 2, 2016*

*October 7, 2016*

*November 4, 2016*

*December 2, 2016*

*February 3, 2017*

*March 3, 2017*

*April 7, 2017*

*May 5, 2017*



# Business Services

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## Planning and Budget Committee

<b>MEETING DATES</b>	<b>AGENDA PACKETS</b>	<b>MEETING NOTES</b>
May 5, 2017	<a href="#"><u>Agenda</u></a> and <a href="#"><u>Handouts</u></a>	<a href="#"><u>Meeting Notes</u></a>
April 7, 2017	Agenda and Handouts	Cancelled
March 3, 2017	<a href="#"><u>Agenda</u></a> and <a href="#"><u>Handouts</u></a>	<a href="#"><u>Meeting Notes</u></a>
February 3, 2017	<a href="#"><u>Agenda</u></a> and <a href="#"><u>Handouts</u></a>	<a href="#"><u>Meeting Notes</u></a>
December 2, 2016	<a href="#"><u>Agenda</u></a> and <a href="#"><u>Handouts</u></a>	<a href="#"><u>Meeting Notes</u></a>
November 4, 2016	<a href="#"><u>Agenda</u></a> and <a href="#"><u>Handouts</u></a>	<a href="#"><u>Meeting Notes</u></a>
October 7, 2016	<a href="#"><u>Agenda</u></a> and <a href="#"><u>Handouts</u></a>	<a href="#"><u>Meeting Notes</u></a>
September 2, 2016	<a href="#"><u>Agenda</u></a> and <a href="#"><u>Handouts</u></a>	<a href="#"><u>Meeting Notes</u></a>

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**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –September 2, 2016**

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**Attendees:** Noell Adams, Rajeev Chopra, Laurie Dockter, Wyman Fong, Dave Fouquet, Cathy Gould, LaVaughn Hart, Krista Johns, Matt Kritscher, Lorenzo Legaspi, Thomas Orf, Rajinder Samra, David Truelove, Barbara Yesnosky, *By phone:* Diane Brady & Carla Walter.

**Approval of Agenda**

The agenda was approved by consensus

**Introductions**

The committee had some new members this year. Everyone went around the table and introduced themselves.

**Review of Mission Statement**

There were no changes to the Mission Statement.

**Review of Charge and Membership**

Changes were made to the IPBM under the Planning and Budget Committee. “The planning and budget committee (PBC) is part of the integrated planning and budget process which was implemented beginning in the spring of 2013.” The second sentence: “At the end of the initial period, the process will be reviewed and evaluated, and any needed improvements will be put forward for review and adoption” was deleted as this has already been accomplished.

**Appointment of classified Co-Chair**

The classified co-chair, Pedro Ruiz DeCastilla is replaced by Cathy Gould. Pedro will now be the classified union representative. The faculty co-chair, LaVaughn will finish off this year.

**Approval of Meeting Notes – May 20, 2016**

The committee approved the meeting notes from May 20, 2016 by consensus.

**Setting Priorities for 2016-17**

The co-chairs met for discussion prior to the meeting and established a list of things to prioritize and accomplish this year. Lorenzo stated that the list was created for the entire committee to prioritize. Smaller groups will be formed to work on the items and establish some completion dates. The goal is to complete the list in fiscal year 2016-17.

**BAM Review**

LaVaughn stated that during its development, the BAM was to be reviewed every three years and recommend any changes. We are in the third year of the BAM review since its inception. She said that we need to review the allocation percentages in more in-depth detail and find more sophisticated ways of allocating the percentages to the centers. It was agreed that BAM review should be the priority this year.

A subgroup was formed with representatives from each constituency to review the BAM. Members are: Lorenzo Legaspi, Barbara Yesnosky Diane Brady, LaVaughn Hart, Dave Fouquet, Rajeev Chopra, Noell Adams, and David Truelove. Any changes to the BAM will be implemented in the fiscal year 2018-19. The target date for completion of the BAM review is May 2017. The subgroup will have their first meeting on September 23<sup>rd</sup> at 2:30 p.m. Lorenzo volunteered to do some pre-work prior to the September 23<sup>rd</sup> meeting and forward to the group.

**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –September 2, 2016**

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True up of 3A and Retiree Medical Costs

The true up of step 3A expenses for fiscal year 2015-16 will be presented in the October meeting. Business Services is in the process of closing the books.

Multi-Year Budget Planning

A subgroup was formed to do a three year budget planning projection and present to the PBC committee. The group consisted of Barbara Yesnosky, Diane Brady and Rajeev Chopra. The subgroup will need to start its work in the spring of 2017 and complete by fall of 2017.

Impacts of Measure A

Schedule of Issuance - the colleges are in the process of identifying their facilities projects and establish a prioritized list. Based on the project list, the District will decide on the initial amount to be issued from the Measure A funds of \$950 million. It may be about \$200 million to \$250 million and we are looking at the January/February time-frame for the first issuance.

Transition of Ongoing Expenses Currently Charged to Measure B - The IT charges that were to be reverted to the General Fund from Measure B will be now be charged to Measure A. Lorenzo stated that any new charges for Measure A will need to be discussed in the PBC.

The 18 Questions:

Most of the committee members felt that the 18 questions needs to be done prior to, or simultaneously with the BAM review. A subgroup of three members, Lorenzo Legaspi, Matt Kristcher, Dave Fouquet, Tom Orf and Cathy Gould will identify five questions relevant to the BAM and present to the PBC group by the spring which will then need to be completed by December 15th. Krista Johns suggested that Accreditation be considered as part of the 18 questions. It was agreed that PBC invite a college Accreditation liaison at its February meeting to report on the status of the Accreditation related issues and about their visit in March.

Proxy Voting

The language in the guidelines does not allow for proxy voting.

Adoption Budget

Barbara Yesnosky reviewed the adoption budget with the group. The District will be funded at 17,230 FTES. The total state revenue for the District comprising of General Apportionment, Base Funding Increase, Faculty Hire, Lottery, Mandated Cots, Block Grant, Other State Faculty

Reimbursement and Foundation	\$99,838,185
Expenses:	
The committed 3A expenses	\$9,725, 861
Step 4 allocated costs	\$15,604,077
Foundation Allocation	<u>\$7,802,803</u>
Total	\$33,132,741

Balance allocated to the centers based on the BAM percentages	\$66,669,443
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**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –September 2, 2016**

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Enrollments

LaVaughn reported that based on the second week of fall enrollment, both campuses for Summer and Fall is a little over 2%. It needed to be higher, but they are working on keeping it as productive for Spring.

Election Costs – June Measure A and November Trustee Election

District has received an invoice for approximately \$1.4 million from the Registrar's office for the June election costs. The cost is associated with the number of voter turnout. In the November election four of our Trustees are coming up for re-election. Three are running unopposed. Only one Trustee is running for re-election in the Livermore area. The cost for the November Board of Trustees election is estimated at \$300,000.

OPEB Trust

The OPEB information to create an irrevocable trust for retiree benefits was brought and discussed with the group at the April 15 meeting. Lorenzo plans to provide the information to the Trustees at the September Board meeting. He plans to follow up with an action item for approval at the October meeting.

Other

Board priorities approved by the Board at its July 19, 2016 meeting are listed within the District's strategic goals. The PBC needs to look at how it is supporting the Board's priorities

**Future Meetings**

*October 7, 2016*  
*November 4, 2016*  
*December 2, 2016*  
*February 3, 2017*  
*March 3, 2017*  
*April 7, 2017*  
*May 5, 2017*

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**PLANNING AND BUDGET COMMITTEE APPROVED**  
**MEETING NOTES –October 7, 2016**

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**Attendees:** Noell Adams, Diane Brady, Rajeev Chopra, Laurie Dockter, Dave Fouquet, Cathy Gould, LaVaughn Hart, Krista Johns, Matt Kritscher, Lorenzo Legaspi, Thomas Orf, Catherine Powell, Susan Sperling, David Truelove, Carla Walter, Barbara Yesnosky

**1. Approval of Agenda**

The agenda was approved by consensus

**2. Approval of Meeting Notes – September 2, 2016**

The committee approved the September 2, 2016 meeting notes with a correction that Carla Walter was attended the meeting via phone.

**3. True-Up of 3A Expenses for FY 2015-16**

Barbara reported that the budget for fiscal year 2015-16 realized a savings variance of \$521,000 or 4.58%. This savings will be allocated back to the centers based on their Budget Allocation Model (BAM) percentages.

The colleges felt that the election cost should be taken out of the existing reserves or from the 2015-16 fund balance and not from the one time monies. The one time funds should go to the colleges.

Lorenzo explained that last year the district directed \$8.1 million of one-time monies were held in reserve and the balance went through the model. The \$1.4 million election cost could not be taken from the step 3A expenses because the amount was not available at the time of budget development. He cited that in May, even before there was any rollback money, it was discussed and suggested to the Committee that the election cost be taken from the fund balance. Although the election cost was subtracted from the rollback, the net effect is the same. He recommended that the election costs be placed under step 3A in the future for better tracking. The current fund balance is largely for a down economy. It is up to this group to establish and recommend the reserve level. He asked the group to focus on the use of onetime money, the rollback money and the BAM.

LaVaughn stated that the rollback money has all gone to the district office for use at its discretion and the District Administration has released some to the model but only to be used to support the District Administration's initiatives, not for the initiatives in place at the campuses. This impedes with the colleges in making reasonable plans. It is concerning that last year's rollback was allocated without any discussion in the PBC. The campuses are pinched for funds more than ever and the general feeling is that the money is all retained at the District office. The Vice Chancellor supports the campuses and their operation, but it is not working for them. She understands that the BAM will be reviewed, but that is in a year. The PBC has a process that is open, transparent and fair. In order for us to move forward as an institution, the district needs to work in collaboration with the campuses and support student needs.

Dave Fouquet echoed LaVaughn's concerns because Chabot College has the same concerns. The colleges' hope was that the new Chancellor would bring in a new era of openness and discussion. The FTES dollars earned by the colleges should go back to the colleges and not retained at the district. Dave then explained the rollback and stability funding. The rollback number is obtained from the prior fiscal year summer enrollment to report as additional FTES. Our fiscal year 2015-16 payment with rollback will be on 17,537 FTES. If, for the following year, 2016-17, we report at a lower FTES number (below 17,537), the state will fund us at the previous's year level at 17,537 and that is the stability funding. The stability funding is only for one year. The following year the district will be in restoration funding. The district will not be able to rollback in 17/18 and moving forward the plan is to not rollback unless there is a defined reason or goal of the rollback. DEMC has to determine the target for 2017-18 and whether we can meet that target. However, if we exceed the target for 2017-18, the state will not pay the excess amount in the following year. If we decide not to roll back in 2017-18 and we reach 17,000 FTES and the prior year we were funded at 17,537, the state will not fund us for the 537 in

**PLANNING AND BUDGET COMMITTEE**  
**DRAFT MEETING NOTES –October 7, 2016**

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the following year under the stability law. Instead that will be considered as one time money. Fiscal year 2017-18 will be important for the district because we will be funded at the operating level for future. But, if we report less than 17,000 FTES in the following year, the state pays at the 2017-18 level. He said that the one-time monies should flow through the model for the colleges to have their piece and not left at the discretion of the district. It needs discussion.

Rajeev stated that the BAM is not effective if it is not applied to everything. All funds should be processed through the BAM to allow for long term planning.

The colleges also expressed concern about the district's allocation of funds for Student Success and Retention Program. There is limited timeframe to use up the funds or the funds will go into reserves. The funds should go through the BAM to allow for long term planning. This was not discussed at the campuses. The feeling is that the district is dictating the colleges on the use of funds. It is their responsibility to plan and meet the needs of the students.

Lorenzo said that it is unfortunate the colleges feel dictated by the district. The PBC has discussions and have dialogue on the use of funds. The centers have their plans and to implement the plans when the resources are available. He stated that Student Success was determined several months ago and there has been ongoing planning with the college leaders.

Susan Sperling acknowledged that District's bond ratings has been improved because of the high reserves. Chabot College Budget and Planning group has been working on a series of goals and objectives linked to similar strategic plan for four years with Student Retention and Success. It seems that the district has undertaken the College Budget Planning with a different focus. The focus is good, but it is not what the college has been working on for four years. She respectfully disagreed that there has been interaction with the two Presidents' offices. She was instructed that this would occur, the campuses would present their projects not related to planning process worked over the years, but to submit proposals related to new construction, not relative to their data. She was not consulted about this and it was not a collaborative process

A suggestion was made and accepted that the group make a recommendation for all funds to go through the BAM and to determine a percentage of the reserve limit.

The co-chairs proposed that they would meet first and develop a recommendation regarding the BAM. It would be presented at the next PBC meeting for discussion and resolution. Then invite the Chancellor to the next PBC meeting and present the recommendation.

**4. Subgroup Breakout Session**

The three subgroups; BAM Review, Implementation Questions and Multi Year Budget Planning broke out for discussion. They were to work on timelines and the scope of the deliverables in their subject areas, as well as focus on any structural changes and the expectation on the results. The co-chairs will gather the subgroups' information and forward them to the larger group.

**5. Other**

None

**6. Future Meetings**

*November 4, 2016*

*December 2, 2016*



**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –November 4, 2016**

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**Attendees:** Noell Adams, Diane Brady, Jeff Drouin, Miguel Colon, Dave Fouquet, Cathy Gould, LaVaughn Hart, Doug Horner, Krista Johns, Lorenzo Legaspi, Catherine Powell, Rajinder Samra, David Truelove, Carla Walter

**1. Approval of Agenda**

The agenda was approved as submitted

**2. Other Post Employment Benefit Irrevocable Trust**

Lorenzo indicated that the district has an unfunded liability of \$136 million in the post employment medical benefits. The liability is ongoing and continues to be unfunded. He is proposing to create an irrevocable trust account to set aside funds every year. This will also help the District with accreditation, unfunded liability, audit and our credit rating. The credit rating will help with the district's issuance of the Measure A bond funds. Lorenzo will develop an RFP for the Irrevocable Trust in search of financial consultants that can provide this service. He asked for 3-4 volunteers from the group to review the RFP's and interview consultants. He hopes to make a recommendation to the Chancellor and Board as part of our fiscal year 2017-18 budget.

**3. Subgroups Reports**

**Implementation Questions**

Cathy Gould, the chairperson for the subgroup, reported that her group met last Friday on October 28. The group completed the answers to all the 19 Implementation Questions. The answers were distributed to the larger group.

**Multi-Year Budget Planning**

Carla Walter, chairperson, reported that the group has developed a draft template to use for multiyear budget planning that includes projections using different scenarios. They did an exercise using assumptions and FTES targets to see the impact of future budgets for all sites. The group also discussed and included marketing costs as an item under the Step 3A expenses. The group will meet and discuss the draft template to improve further and use for the 2017-18 budget

**BAM Review**

LaVaughn Hart, the chairperson, reported that this group is reviewing to improve the BAM and its process and will make recommendations on their findings.. They are looking at revenues that flow through the model and create some criteria or function map. They are also looking at revenues outside of the model. They will review the Step 3A list of expenditures and the allocation percentages to the four locations. They will also identify the impacts of funding sources and the issues surrounding it to run through the model. In addition, this group is looking at the role and responsibilities of the PBC including issues related to Accreditation. This will clarify and strengthen how we implement and administer the BAM.

**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –November 4, 2016**

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**4. Enrollment Update**

Lorenzo reported that for fiscal year 2015-16, the district rolled back an additional 104 FTES bringing the final to 17,640 FTES for 2015-16. The district will be in stability for the year 2016-17. Therefore, we will be funded at the same level as 2015-16. The rollback number of 104 will generate a total of approximately \$1 million over the 2 years, 2015-16 and 2016-17. These funds will flow through the model. However, the state will not certify the numbers for funding until February at which time the four locations can run it through their budgets.

The DEMC have recommended to the Chancellor a projection target of 17,400 for 2017-18. Lorenzo also reported that prior to the rollback for 2015-16, the 17,536 FTES generated approximately a net of \$1 million which was set aside for rainy day funds. If we reach the 2017-18 target of 17,400 FTES, these funds will be processed through the model.

**5. Public Comments**

Catherine Powell of Chabot College talked about the District Initiative regarding funding and President Sperling's response "White Paper" to the Chancellor. The Chabot College PRBC supports President Sperling's White Paper which outlined the conflict between the district and college initiatives on student success. She cited Title 5 Regulations, Principles Governing the Allocation of all Revenues: to allocate *all general apportionment revenues* according to program based funding criteria using the standard rate allocations for the four centers: Chabot College, Las Positas College, Maintenance and Operations, and the District Operations as approved by Board. The PRBC is of the opinion that the Guiding Principles of the Integrated Planning and Budgeting (IPB) process have been violated. The PRBC affirms ACCJC accreditation standards in regards to college planning and the board approved Budget Allocation Model that all general apportionment revenues must flow through the BAM as the basis for its assessment and any new district initiatives must be presented to the PBC for recommendation. Lorenzo stated that this topic will be agendized at the next meeting.

The larger PBC group adjourned at 1:30 p.m. and the subgroups met separately.

**6. Future Meetings**

*December 2, 2016*

**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –December 2, 2016**

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**Attendees:** Noell Adams, Laura Alarcon, Diane Brady, Rajeev Chopra, Laurie Dockter, Jeff Drouin, Dave Fouquet, Cathy Gould, LaVaughn Hart, Krista Johns, Lorenzo Legaspi, Guisselle Nunez, Tom Orf, Pedro RuizDe Castilla, Rajinder Samra, Barbara Yesnosky, *via phone*- Natasha Lang

**1. Approval of Agenda**

The agenda was approved as submitted

**2. Approval of Meeting Notes**

The notes for both October and November meetings were approved by concensus

**3. Senior Level Team (SLT) Recommendations**

The District Senior Level Team made two sets of recommendations to the PBC for the rollback for 2015-16 and to be endorsed by the Chancellor.

The district enrollment target for 2015-16 was 17,191 and the actual enrollment was approximately 17,059. The district rolled back 135 FTES from the summer of 2016 bringing the final annual reporting for 2015-16 at 17,536 which generated additional revenue for 2015–16. For fiscal year 2016–17, the district decided to be in “stability” and be funded at 2015-16 level which also generated additional revenue. Between the two years, the additional FTES generated approximately \$3 million. After deducting expenses for the June and November elections, there was a balance of about \$1 million.

The team recommended that the \$1 million be reserved as rainy day fund in the event of a shortfall in 2017-18 FTES. If there is no shortfall, these funds will be allocated to the four locations using the BAM and, contingent upon the district receiving the funds.

The second recommendation was for the additional 104 FTES rollback for 2015-16 from the annual to recalc, bringing the total to 17,640 that was reported to the State. This strategy was to take advantage of any remaining growth dollars at the State and the fact that the District will be in stability funding in 2016-17. The additional rollback of 104 FTES for each fiscal year, 2015-16 and 2016-17 will generate approximately \$1,011,696.

The team recommended that this amount will be allocated using the budget allocation model percentages. This is all contingent upon the District receiving the funds which will be certified by the State in February 2017.

LaVaughn Hart proposed that the SLT’s recommendations be acknowledged without setting precedent for future rollback funds. The response to read as: “The committee acknowledges receipt of the recommendation regarding distribution of fund balance from the rollback of FTES for 2015-16 and 2016-17. The committee is currently reviewing the funding that will be subject to allocation by the BAM. The acknowledgment of the recommendations does not constitute the precedent for how rollback funds will be handled in the future”.

**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –December 2, 2016**

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The PBC unanimously agreed to the proposal. The co-chairs will wordsmith the acknowledgment and forward it to the committee for review and to be signed off by the Chancellor prior to it going to Board.

**4. Data Based Planning- Statement from Chabot College Planning – Review and Budget Council (PRBC)**

Laura Alarcon represented the PRBC from Chabot College. The PRBC is of the opinion that there is conflict between the district initiative and college initiatives on withholding funding for student success. She requested that district's practice needs to be reviewed. LaVaughn stated that this would be discussed in the BAM review subgroup as part of their task.

**5. Other Post Employment Benefit (OPEB) Irrevocable Trust Draft Request for Proposal (RFP) and Timeline**

Volunteers for the RFP process are Lorenzo Legaspi, Barbara Yesnosky, Rajeev Chopra, and Cathy Gould. The RFP will be shared with the group in time for the budget year 2017-18.

**6. Future Meetings**

*February 3, 2017*

**Subgroup Meeting**

The three subgroups, the Implementation Questions, the Multi-Year Budget Planning and the BAM Review subgroups met separately to continue working on their tasks.

**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –FEBRUARY 3, 2017**

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**Attendees:** Noell Adams, Walter Blevins, Diane Brady, Laurie Dockter, Richard Duchscherer, Wyman Fong, Dave Fouquet, Cathy Gould, LaVaughn Hart, Doug Horner, Jannett Jackson, Krista Johns, Matt Kritscher, Deonne Kunkel, Natasha Lang, Lorenzo Legaspi, Guisselle Nunez, Tom Orf, Pedro RuizDe Castilla, Rajinder Samra, Susan Sperling, David Truelove, Barbara Yesnosky, *via phone*- Jeannine Methe

**Approval of Meeting Notes**

The Chancellor noted that the agenda item “Chancellor’s Recommendations” should be changed to “Senior Leadership Team (SLT) Recommendation”. The recommendations were actually made by the SLT and the Chancellor is to sign off on them. The change was acknowledged and corrections to be made to the meeting notes. The committee approved the December 2, 2016 meeting notes with the changes as noted.

**Facilities - Total Cost of Ownership (TCO) plan - Response to Accreditation Finding**

Doug Horner presented the Total Cost of Ownership for new buildings from the start to end. The TCO includes the planning, design, construction, annual maintenance and operations to renovation, upgrade and demolition. The Total Cost of Ownership is an Accreditation standard and is part of the Board policy. The ACCJC mandates that districts reflect the projection for TCO in its Facilities Master Plan. Also, noteworthy is that the Maintenance and Operations function is proportional to the square footage of the building and not based on the FTES. The district is to set a goal and fund maintenance and operations to achieve the standards set by the Association of Physical Plant Administrators for the cleaning and operations.

Jeannine Methe presented the technology side of the TCO which includes various categories of equipment to support new buildings, facilities renovations and upgrade cycle for existing equipment in older buildings that are not under construction. Based on Gartner, Inc., the IT industry standards, Jeannine shared the recommended staffing levels to meet the TCO guidelines for our current IT needs and the future growth .

**Marketing Strategy Review**

Guisselle Nunez presented the research on marketing strategy review for summer/fall of 2015-16. The goal of the review was to generate brand awareness and enrollment growth. The data from the market research was to understand student behavior and media preferences and apply the results to strategize marketing. As of December 2015 our new student headcount increased by 25%.

**Senior Leadership Team (SLT) Recommendations**

The recommendation for the marketing budget of \$581,000 for 2017-2018 was approved. Additionally, the other two recommendations; Rollback dollars for the 2015-16 and the additional amount from the recalc were both acknowledged by PBC. They will be signed off by the co-chairs and then submit to the Chancellor to be signed off by .

**Ending Fund Balance Breakdown**

Lorenzo stated that the district’s current ending fund balance is about 24%. There have been comments at recent Board meetings that this is excessive. He explained that the 24% reserve is not all undesignated funds. Barbara Yesnosky shared the breakdown of the various designated

**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –FEBRUARY 3, 2017**

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funds at the four locations. The actual undesignated fund balance is 8.49% or \$9,846,948.

**Budget Update for Fiscal Year 2017-18**

Lorenzo highlighted some of the major components from the Governor's January proposal. The proposed base allocation funding of \$23.6 million to cover for increasing operating costs is lower than the previous years, primarily rising employer pension costs. The School Services of California Community Colleges published a five year projection of employer contribution rate increases for CalPERS and CalSTRS due to their lower investment expectations. The Governor's January proposal includes a 1.48% Cost of Living Adjustment which should be expected to change in the May Revise as was done last year.

**Enrollment Projection for Fiscal Year 2017-18**

The enrollment target for 2017-18 is 17,400 FTES; Chabot College at 10,200 FTES and Las Positas College at 7,200 FTES. The 2017-18 budget will be developed based on these numbers.

**Future Meetings**

*March 3, 2017*

**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –MARCH 3, 2017**

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**Attendees:** Noell Adams, Laura Alarcon, Walter Blevins, Diane Brady, Spring Chen, Rajeev Chopra, Laurie Dockter, Jennifer Druley, Richard Duchscherer, Dave Fouquet, Cathy Gould, LaVaughn Hart, Krista Johns, Deonne Kunkel, Lorenzo Legaspi, Jeannine Methe, Zahra Noorivaziri, Tom Orf, Pedro RuizDe Castilla, Rajinder Samra; *via phone*- Natasha Lang, Susan Sperling

Lorenzo Legaspi welcomed Dr. Susan Cota who retired from the District as Chancellor and returned as interim President at Las Positas College. He also introduced the new District Budget Officer, Spring Chen

**Approval of Agenda**

The agenda was approved as submitted.

**Step 3A Preliminary Projection for FY2017-18**

Lorenzo reported that a change in the step 3A expenses is the inclusion of the marketing budget of \$581,000. This amount is already being expended at the college levels. It will be processed through the model and the District office and M&O will share the expenses. Other expenses include the increase in property and liability insurance and M&O utilities which is projected at 5%. These costs will be trued up at the end of the year and reallocated to the centers.

**Review of Budget Projection for FY2017-18 Using the Budget Allocation Model**

Lorenzo stated that major revenue assumptions for the district is calculated subject to the model. The enrollment target for 2017-18 is 17,400 FTES, with Chabot College at 10,200 and Las Positas College 7,200. Base apportionment is projected to grow by 1%. The governor's January Budget Proposal included a Cost of Living Adjustment of 1.48%. Mandated Costs is at \$28 per FTES. Last year the state allocated onetime mandated costs, but there is none this year. Consequently, it reduces our total revenue. Lottery and part-time faculty are the same as last year. Our total revenue for FY 2017-18 is \$99,556,783. After subtracting the 3A expenses and other obligations from this amount, the balance is then distributed to the centers.

**Measure A Project Priorities and Budget**

Doug Horner informed the group that in August 2016, the Senior Level Team (SLT) started discussion on priorities and expenses for Measure A projects. It was then followed by meetings with the facilities committees and various governance groups at the two colleges. The facilities committee is the recommending body to the Presidents who then makes recommendations to the districtwide shared governance, IPBM committee. Facilities met with the two Presidents in December and made recommendations to the districtwide committee. It is now in the planning stage. Facilities, along with Consultants are reviewing the budget for the projects. The Planning and Budget Committee (PBC) makes the recommendation of appropriate budget for the first round of the building projects. It will then go back to SLT and then it will be presented to the Board at the March 7, 2017 meeting. Final approval of the phase I priority projects will be submitted to the Board at its regular meeting on March 21, 2017.

**Total Cost of Ownership – Discussion**

Chabot College had concerns that the campuses' needs are not being met equitably. They feel that more communication is needed between the various committees. Doug stated that project base planning was to work on the priorities of both colleges to meet student needs. Dave Fouquet

**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –MARCH 3, 2017**

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asked if there was flexibility in the budget to install an observatory on the roof for astronomy at Chabot College. Doug responded that it would be a question for the design team for updating and how it can be integrated into the program. He said that we need to go by the Facilities Master Plan which was completed in 2012. However, he said that this needs to be brought up to other facilities committees. The next Facilities Master Plan will be done in 2018.

Lorenzo mentioned that the first issuance of \$325 million for Measure A bond will be submitted to the Board for authorization at the March 21, 2017 meeting. This amount was determined in support of the phase I project cost at \$317 million.

**Future Meeting**

The committee agreed that in light of the budget preparations, it was not necessary for the larger group to meet on April 7<sup>th</sup> as was scheduled. Instead the BAM Review subgroup will meet to complete their work and present at the May meeting.

*Therefore, the next meeting is on May 5, 2017.*



**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –MAY 5, 2017**

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**Attendees:** Noell Adams, Walter Blevins, Diane Brady, Laurie Dockter, Wyman Fong, Dave Fouquet, Cathy Gould, LaVaughn Hart, Doug Horner, Krista Johns, Lorenzo Legaspi, Barry Russell, Pedro RuizDe Castilla, Barbara Yesnosky, *via phone*- Natasha Lang,

**Approval of Agenda**

The agenda was approved as submitted.

**Approval of Meeting Notes**

The February 3 and March 3, 2017 meeting notes were approved unanimously. Lorenzo mentioned that the co-chairs meet and review the agenda and the meeting notes prior to the regular meetings.

**Review of Budget Allocation Model – Subgroup Update**

LaVaughn reported that the BAM subgroup met on April 7, 2017 in lieu of the PBC meeting. Items of discussion were issues that came up in the BAM: revenue, expenses, step 3A expense and the need to identify OPEB funding sources and others. The group identified and made recommendations on a few things, but did not finish the list. It was identified that Contract Ed currently has a fund balance of \$4 million that is not accessible. Since Contract Ed uses district resources that is outside of the campus' mission, they need to support the district when possible. A portion of the Contract Ed fund balance could be utilized for the ongoing funding source for OPEB, retiree medical benefits. Other recommendations were:

1. Current unrestricted fund balance for Contract Ed should be distributed as follows: 50% to fund OPEB, 30% to cover costs in Step 3A in lieu of rent and other district provided services, 20% to stay in Contract Ed to be used at the discretion of the Chancellor and Contract Ed program.
2. To build up OPEB reserves equivalent to three times the annual cost of retiree medical benefits costs
3. Apportionment revenue must go through the BAM, including rollbacks
4. Base allocation increase/decrease to flow through the BAM
5. State identified one time funds needs to be identified in the BAM as one time
6. Establish an upper limit for district reserves. PBC had recommended an 8% minimum.

Outstanding issues:

Review of the percentages for the Colleges, District Office, and M&O needs to be undertaken.

Review of expenses covered in Step 3A; revisions/clarifications needed?

Mechanism for addressing unexpected changes to funding during the course of a fiscal year.

Mechanism for distribution of Contract Ed fund balances

**Update on Tentative Budget Development**

Lorenzo reported that the tentative budget is 90% complete. It is anticipated that the Governor will release the May Revise in a week. Based on the Governor's May Revise, the budget will be refined and developed. On the expense side, Cost of Living Adjustment (COLA), salary increase is

**PLANNING AND BUDGET COMMITTEE  
APPROVED MEETING NOTES –MAY 5, 2017**

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a big one. For 2017-18, faculty has been allocated a 3% increase; state COLA is at 1.58%. Also, for accounting purposes, contingency plans have been made in anticipation for a 3% increase in COLA for SEIU and for management. However, it is still under negotiation. Another big increase is with STRS/PERS. Additionally, there is also a slight increase in medical benefits for 2017-18. After the revenue adjustments are made from the May Revise and the cited expense obligations are deducted, the balance will be distributed.

Lorenzo expressed that, obviously, the 3% increase will not be made up from the revenue, so the difference will come from the reserves. The FY 2015-16 apportionment increase of \$2.1 million was held in reserve. It was a difficult decision to set aside the \$2.1 million in reserve. As we can see now, it helped us in the fund balance and will make up for the expenses. It also helped the District's credit rating.

**True Up of November Election Cost**

The committee had decided and agreed that the rollback funds from FY 2015-16 and FY 2016-17 in the amount of \$3.2 million was to be reserved to pay for the June and November elections. After the payment for the elections, the balance from the \$3.2 million reserve was to be distributed using the BAM. The district has now received the invoices for the election costs. The November trustee election cost was \$1.4 million and the June primary for Measure A was \$162,229. There will be a balance of approximately \$1.6 million which will be allocated through the BAM for the 2017-18 budget year.

*Next meeting is on September 1, 2017.*

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# Business Services

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## Planning and Budget Committee

MEETING DATES	AGENDA PACKETS	MEETING NOTES
June 20, 2018	<a href="#">Agenda</a> and <a href="#">Handouts</a>	Meeting Notes
May 18, 2018	<a href="#">Agenda</a> and <a href="#">Handouts</a>	Meeting Notes
May 4, 2018	CANCELLED	Meeting Notes
April 6, 2018	CANCELLED	Meeting Notes
March 2, 2018	<a href="#">Agenda</a> and <a href="#">Handouts</a>	Meeting Notes
February 2, 2018	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>
December 1, 2017	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>
November 3, 2017	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>
October 6, 2017	CANCELLED	
September 1, 2017	<a href="#">Agenda</a> and <a href="#">Handouts</a>	<a href="#">Meeting Notes</a>

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**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –SEPTEMBER 1, 2017**

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Attendees: Noell Adams, Roanna Bennie, Diane Brady, Miguel Colon, Laurie Dockter, Jennifer Druley, Wyman Fong, Dave Fouquet, Ron Gerhard, Cathy Gould, LaVaughn Hart, Matt Kritscher, Lorenzo Legaspi, Tom Orf, Rajinder Samra, Stacy Thompson, Barbara Yesnosky

**Approval of Agenda**

The agenda was approved as submitted.

**Approval of Meeting Notes**

The meeting notes from May 5, 2017 was approved unanimously.

**Review of Membership and Cochairs**

Lorenzo recognized the new people, Ron Gerhard, Vice President for Academic Services at Chabot College and Jennifer Druley from Human Resources. He also welcomed Miguel Colon on his return.

New students are needed to represent the Associated Students. Lorenzo will contact both the colleges for names. Cathy Gould corrected the Classified Senate representatives. Noell Adams represents Chabot College and Natasha Lang is for Las Positas College, Pedro Ruiz DeCastilla represents the District. Cathy Gould is the Classified Union rep for the District. Cochair, LaVaughn Hart's term is up. However, she can serve for an additional two years.

Cathy Gould nominated LaVaughn Hart to be the cochair for the next two years. Nomination was seconded by Tom Orf. The committee unanimously approved the nomination.

**Actuarial Study Report - 2017**

It is required by law that the actuarial study be updated every two years. The report calculates the costs of retiree medical benefits. The 2017 report for the District has an unfunded liability of \$125 million, which is down from the prior study of \$138 million. There are two reasons for the reduction. The district discontinued the lifetime medical benefits for new employees in 2013 and the district has been able to keep its healthcare costs low. In the tentative budget we allocated \$5.5 million for retiree medical benefits. After we received the Actuarial report the amount was lowered to \$5.1 million in the adoption budget. The balance of \$400,000 goes through the model which will significantly help the sites.

Lorenzo is working with our financial advisor in creating the OPEB Trust for retiree benefits. He is looking for volunteers to be in the committee. The trust will help the district with audit and credit rating requirements.

**Review of Adoption Budget FY 2017-18**

Lorenzo highlighted the revenues in the adoption budget. There is an ongoing base increase of \$2.7 million for the district. COLA is at 1.56%. The adoption budget will be presented to the Board at the September 19 meeting. The significant change in the step 3A expenses is the reduction of RUMBL, based on the actuarial study.

Ron Gerhard updated on the Chabot College budget. He reported that Chabot had some difficulty in their 2016-17 budget which resulted in a structural deficit of \$5 million. With the help of Matt Kritscher and Billy Delos Santos, Chabot was able to reduce the structural deficit by half. Although, Chabot will close the fiscal year with some deficit spending, the deficit has been addressed so that in FY 2017-18 Chabot will have a balanced budget. From the help of the hard working team members they were able to make a 15% reduction in supplies, services, equipment, and reassign time. Staffing was reduced by about 17 FTEF. They closed the fiscal year 2016-17 with a deficit spending of about \$3 million. Their plan to repay and rebuild the college reserves is anticipated to be completed in a week.



**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –SEPTEMBER 1, 2017**

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Lorenzo mentioned that we are actually using the guidelines in the BAM implementation questions on how the colleges are to pay back the deficit. He thanked Ron for the report.

Final State Budget

Lorenzo will forward the correct copy of signed budget by the Governor.

Other

Lorenzo updated the committee on the Supplemental Employee Retirement Program (SERP). The program is to incentivize people to retire early, thus saving the District money. The last two times the District offered SERP was in 2009 and 2011. Typically, SERP is offered during a recession or budget cuts. This time the district is being proactive and offering the SERP now in anticipation for a down turn in the economy in the next year or so. He said that generally the SERP cost is paid from the savings realized from the retirees. However, this time it will be paid from one time monies so that the SERP savings will go through the model. Based on 204 eligible employees with 10 years of service and 55 years of age, the projected number we need for the SERP is 42. Total eligible employees is now 189 and the projected number is 39.

He explained the sources of funding in the one time monies that will be used for SERP. Several years back the district borrowed funds through Certification of Participation (COP) to build facilities at both colleges. This was being paid back from the general fund and one of the stipulations of COP is to set aside some money towards the payment. Then the District was approved for Measure B bond funds. The bond fund investment realized significant interest earnings. Some of the interest earnings was used to pay off the COPS and the reserve was freed up. Another source is the rebates from our dental and vision insurance plans. The District is self insured in the pool of Joint Powers of Attorney (JPA) with other districts. Together, the pool is managed well and there is savings to be realized which is then rebated to the districts. Lastly, the lease revenue from the Dublin building generates about \$500,000 annually. A portion of the lease revenue is used for the SERP.

In the past, SERP costs is included in the step 3A expenses. This SERP, offered in 2017 will not be shown in as a step 3A expense.

The committee had concerns for the time frame in replacing the retirees through SERP to meet the FON. The deadline for SERP applications is October 27 and it will be presented to Board for approval at the November 14<sup>th</sup> meeting. There will be enough time for rehiring in the fall to meet the FON.

LaVaughn informed the group that the district now has a video conferencing capability in the Canvas. We can choose to utilize that for future meetings instead using the meet and confer phone line using CCC Confer. She stated that if the committee agrees to switch over to the video conferencing, she can have a shell setup in the Canvas through Las Positas College.

***Next meeting is on October 6, 2017.***

**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES –NOVEMBER 3, 2017**

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Attendees: Noell Adams, Roanna Bennie, Diane Brady, Rajeev Chopra, Miguel Colon, Dave Fouquet, Ron Gerhard, Cathy Gould, LaVaughn Hart, Doug Horner, Krista Johns, Matt Kritscher, Lorenzo Legaspi, Scott Miner, Tom Orf, Pedro RuizDeCastilla, Rajinder Samra, Sarah Thompson, Turner Zischka

**Approval of Agenda**

The agenda was approved as submitted.

**Approval of Meeting Notes**

Correction to the September 1<sup>st</sup> meeting has been noted that SERP cost is not part of the Step 3A expenses.

**2017-18 Adoption Budget**

Lorenzo reported that the budget was presented to the Board at the October 24, 2017 meeting. However, due to the shifting of the Board meeting twice, the adoption budget will be submitted to the Board at the November 14 meeting. The final adoption budget is due to the Chancellor's office by September 15<sup>th</sup>. Lorenzo has notified the Chancellor's office of the delay.

The District has a total operational budget of approximately \$200 million; \$100 million in general fund and another \$100 million in restricted funds. This budget included a 3% negotiated salary increase, step/column, longevity increases and the STRS and PERS costs. Chabot College ended up with a negative balance of \$2.5M in 2016-17, the BAM allows to correct the deficit. The College will allocate 2% of their unrestricted general fund to plug the \$2.5 million negative balance and then they will build back the 5% of their expenditures. But, for 2017-18 Chabot has a balanced budget and have addressed their structural deficit. The funding for Guided Pathways is a big item for the state. This year the district received more money from the state for this special funding than the unrestricted funding. The district is acting as fiscal agent for the state in hosting the IEPI program with the College of the Canyon. In exchange, the state paid us a one time overhead amount that increased our revenue. There will be no enrollment rollback in 2017 and the district will reset the enrollment target in 2017.

**True-Up of Step 3A Expenses for Fy 2016-17**

The Step 3A obligatory expenses are trued up every year. This year we ended up with a positive of \$198,000 which will be reflected in the budget. The PBC is to review the allocation model and adjust the percentages for the four locations based on the needs. Matt Kritscher requested that during the BAM review process, student insurance be considered as 3A expenses. Rajeev Chopra requested that the true-up of the nursing and dental hygiene program be placed back on the agenda. Lorenzo acknowledged it.

The projected expense of \$4000 for last year's convocation against the actual expense of \$1,600 was questioned. Lorenzo will obtain the details and share with the group, although he said that in the prior years some vendors helped out.

**Supplemental Employee Retirement Plan (SERP) Update**

The SERP deadline for eligible employees closed on October 27. The final cost analysis and the the number of SERP retirees will be in the November 14 Board meeting. Employees will be notified on November 15 and soon thereafter the names will be published



**PLANNING AND BUDGET COMMITTEE  
APPROVED MEETING NOTES –NOVEMBER 3, 2017**

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Components of Ending Balance for 2016-17

The unrestricted general fund shows an ending balance of \$27,097,904 (22.12%), of this amount \$9,068,623 is already designated, which leaves a balance of \$18,029,281 (7.40%) for the four locations. From this amount we subtract the district reserve of \$9,802,514 (8%) for economic uncertainties. Therefore, the undesignated ending balance (rainy day fund) is \$8,226,768 (6.71%). This amount does not include the colleges' spring 2018 FTEF allocation. The group requested that Chabot College's negative of \$2.5 million be included with co-curricular in the \$8.2 million. Also, they need to see a breakdown of the \$8.2 million by location and to use the same format moving forward. It was also suggested that there be a ceiling for RUMBL to protect the District from any significant downturn. Lorenzo agreed to agendaize these at the next meeting.

Subgroups' Task Status

The three subgroups : the Budget Allocation Model (BAM) review, Multiyear Planning, and the Implementation Questions were created to work on different areas. Lorenzo thanked the subgroups for their work thus far.

Prior to forming the subgroups, the implementation questions were answered by the larger group up to number seven. The subgroup, chaired by Cathy Gould continued with it and addressed the rest of the questions. The answers needs to expanded with some narrative. Pedro RuizDeCastilla is now added to the Implementation Questions subgroup.

The Muti Year Planning Group was chaired by Carla Walters who is no longer with the district. Ron Gerhard volunteered to takeover this subgroup as chair. Ron stated that revenue is driven by enrollment which could vary depending on the stability at the state level. Thus, it is hard to build the model. It was suggested that this subgroup decide on its value and then develop something for a five year plan for the December 1<sup>st</sup> meeting. The larger group can review the pros and cons and decide on the multi year planning subgroup.

LaVaughn, chair for the BAM subgroup reported that they looked at several things and made a number of recommendations. Some of them are: growth for OPEB, revenue generation from apportionment, FTES, including rollbacks that must go through BAM etc. The one time revenue from the state must go through BAM. They also discussed on unrestricted reserves. The subgroup still have several issues that needs to be addressed, namely the review of the District and M&O percentages and make revisions on expenses covered under the step 3A.

Other

***Next meeting is on December 1, 2017 and only the Subgroups will meet.***



**PLANNING AND BUDGET COMMITTEE**  
**APPROVED MEETING NOTES – DECEMBER 1 , 2017**

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Attendees: Noell Adams, Diane Brady, Rajeev Chopra, Miguel Colon, Laurie Dockter, Dave Fouquet, Ron Gerhard, Cathy Gould, LaVaughn Hart, Natasha Lang, Lorenzo Legaspi, Thomas Orf, Rajinder Samra, Sarah Thompson, Turner Zischka, Barbara Yesnosky

**Approval of Agenda**

The agenda was approved as submitted.

**Informational Items**

Lorenzo reported that the district financial audit will be presented to the Board at the December 5 meeting. He mentioned that this audit has been the cleanest that we have had in many years. He thanked Barbara Yesnosky and her staff, the colleges and their staff for such a fantastic audit. There was only one finding and it was a compliance issue. A report was submitted late, although the report was fine. The official audit reports will be posted on our website after the Board approval.

The enrollment targets have been determined at the DEMC meeting. Based on those numbers, we can now start projecting our revenue. The Governor will be releasing his budget in January.

Lorenzo announced that he will be retiring June 30, 2018. Laurie Dockter is also retiring in June.

LaVaughn expressed that she would like to finish up what was started last year, now that Lorenzo is leaving and she won't be serving in the PBC next year. The committee is getting ready to go through some major changes. It is a good time to wrap up some stuff in the next few months that everyone has been working on. The goal is to complete the work so it can influence next year's budget.

**Review of Subgroups**

Lorenzo stated that we will focus on the two subgroups, Implementation Questions and the BAM Review that are more sensitive to developing our next budget. . We can hold off on the Multiyear Planning and the Reserves subgroups for a few months. Laurie Dockter and Rajinder Samra will be added the BAM review subgroup.

The cochairs, at their discussion, decided that after the completion of the BAM review and the implementation questions, a smaller group be formed to craft recommendations to the Chancellor. The group will include the cochairs and a few other people so that the constituencies are well represented as it will affect next year's budget.

The two subgroups broke out to meet separately.

***The subgroups will continue to meet on January 12 and 19, 2018.***

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