

Planning and Budget Committee Meeting

APPROVED MINUTES

Meeting date **Sep. 6, 2019** | Time **12:30PM** | Meeting location **District Office Board Room**

Meeting called by VC of Business Services
Type of meeting Planning & Budget
Tri-Chairs Doug Roberts, Rajeev Chopra & Cathy Gould
Note taker Dawn Neideffer
Timekeeper Doug Roberts

Attendees: Paulette Lino, Tamica Ward, Diane Brady, Rajeev Chopra, Jeff Drouin, Trish Shannon, Thomas Orf, Chasity Whiteside, David Rodriquez, Sarah Thompson, Miguel Colon, Roanna Bennie, Cathy Gould, Rosalie Roque, Theresa Fleischer-Rowland, Dave Fouquet, Noell Adams, Dale Wagoner, Michelle Diaz-Nava, Susan Sperling, Wyman Fong

AGENDA TOPICS | MEETING COMMENCED AT 12:35

Time allotted | **2 min** | Agenda topic **1.0 Approval of Agenda** | Presenter **Doug**

Discussion CW/P's presentation moved up to accommodate travel. Rajinder asked that an item be added to today's agenda.

Conclusion Item 6 moved to item 3; item 3 moved to item 4; Item 4 moved to item 7; added item "Collaborating Projects" became item 6; item 7 became item 8. The reordered agenda was approved by a show of hands: 13 yeses, 0 no's, 1 abstention.

Action items	Person Responsible	Deadline
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1. Agenda approved

Time allotted | **3 min** | Agenda topic **2.0 Approval of Minutes** | Presenter **Doug**

Discussion Minutes reviewed.

Conclusion Minutes approved as presented by show of hands: 13 yeses, 0 no's, 1 abstention.

Action items	Person Responsible	Deadline
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1. Minutes approved

Time allotted | **60 min** | Agenda topic **3.0 Adopted Budget & BAM** | Presenter **CW/P**

Discussion George from CW/P presented *Data Methodology, Separating the metrics by College*. Presentation broke out Base Allocation, Supplemental Allocations and Success Allocations. Talked about how to split the allocations as the new budget model is developed. Breakouts of College level SCFF data was given in the presentation.

Conversation about what is new for 19/20, FTES and student transfers ensued.

Conclusion

In assessing the projected SCFF by college, the consensus was to use the FTES percentage split on any metrics that we could not validate. At this point, we have been able to separate out 94 percent of the allocation by college. Once additional metrics can be validated, the new percentage split would be used. The only area of the SCFF that is not capped is the Supplemental bucket. This is the area that we should review and verify we are doing everything possible to improve. Due to the cap in place, using the 10 percent Success money to climb out of a revenue short fall is not a viable plan. CLPCCD is not limited by 10 percent FTES growth because of the 3-year average so FTES restoration should be the main focus at this time. New in 19/20 is the 3-year average for the Success metrics allocation. It is now using the average of the prior 3 years. Additional funding will not be allocated to populations that are fully funded (special admits, incarcerated, out of State). The *Data Methodology, Separating the metrics by College* presentation can be found on the PBC webpage.

Action items

Person Responsible Deadline

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|--|---------------------------|------|
| 1. IR's to evaluate last year's numbers for Special Admits and Incarcerated; get specific direction data | Institutional Researchers | ASAP |
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Time allotted | 15 min | Agenda topic 4.0 Irrevocable Trust | Presenter Doug

Discussion

Doug reviewed the presentation *Other Post-Employment Benefits Irrevocable Trust* made by Keenan & Associates in May 2018. CLPCCD's post-employment benefit is healthcare. A portion of our operating fund is used for retirees. Recent big change is that the full OPEB liability needs to be realized in the audit each year; this has to do with rising medical costs and related medical benefits. One way to afford OPEB is "pay-as-you-go," which is what CLPCCD is doing. The best practice is to put the money in an irrevocable trust fund and have the securities invested in the stock market. One down side of such a trust is that once the money is put in the trust, the money cannot be taken out.

Conclusion

How to proceed with the irrevocable trust funds will be agendized and discussed in upcoming meetings. In the event the irrevocable trust is dissolved, the laws governing the trust's provisions are used to determine how to redistribute the money. *Other Post-Employment Benefits Irrevocable Trust* is posted on the PBC webpage.

Action items

Person Responsible Deadline

None noted

Time allotted | 15 min | Agenda topic 5.0 FFC/SCFF Report Out | Presenter Miguel

Discussion

SCFF application was launched August 28, 2019. Initiatives/proposals for SCFF need to be self-sustaining. Subcommittee decided to make the SCFF application document 100 percent electronic. A SCFF Coaching video was created to assist applicants in

navigating the application. Deans and Area Managers have been trained as SCFF coaches to help applicants find data and build the proposal for project funding.

Conclusion

A revised SCFF Coaching video will be released with a new FTES calculator. At the next FFC meeting, a subcommittee or taskforce will be formed to review, score and rank the SCFF applications.

Action items

Person Responsible Deadline

None noted

Time allotted | **5 min** | Agenda topic **6.0 Collaborating Projects** | Presenter **Rajinder**

Discussion

Sarah is concerned about the need for FTES growth and student success. FTES and equity measurements are the SCFF funding buckets that are unlimited to capitalize on SCFF metrics. Coherency among initiatives is vital so approvers and reviewers can better align other, similar initiatives or proposals. Roanna said it's important to look at all the variables, create a division mapping of programs (like Guided Pathways), and look at the aspects of what the student is endeavoring in order to help student achieve a degree. Trish's gave an example of the SCFF project as a pipeline. As the student moves through the pipeline, faculty and staff can look at the multiple phases across divisions to condense or combine projects while keeping the student moving toward success. Miguel suggested keeping a big picture of what the problem is, and then propose in the initiative basic ideas of how to solve it, so the reviewers and approvers have a clear idea of what the proposal or initiative accomplishes.

Conclusion

PBC/FFC need to prioritize initiatives for maximum benefit in the SCFF. Projects need to be coherent so the initiative is clearly understood and/or combined with other District-wide initiatives, projects and/or programs.

Action items

Person Responsible Deadline

None noted

Time allotted | **20 min** | Agenda topic | **7.0 Rollout Reserve Money** | Presenter **Doug**

Discussion

Thomas said the discussion about the reserve money has not been had in recent meetings. Doug said \$4.6M is in the SCFF/rollback money reserve right now. Doug presented an *Advanced Presentation of the Adopted Budget*. The FTES generated in the slides are credit and non-credit. The District built their apportionment budget on a near equivalent of roll-back level FTES, which when combined with the SERP, lead to deficit spending by \$6.2M [in FY17/18]. RUMBL has increased expenditures in FY18/19. Insurance costs are up due to the 2017-18 higher rollback level of FTES, which are the basis our liability insurance for 2019-20. The insurance costs will begin to go down FY19/20. Rollbacks began FY13/14, and since then, the District's revenue budgets have contained an element of apportionment due to rollback. When projecting the budget on FTES numbers (to be reported at year end) that are higher than the actual FTES numbers generated in a fiscal year, it is essentially borrowing

FTES from the future. To maintain the previous year’s level of reported FTES, even more FTES has to be borrowed from the subsequent year. Eventually, CLPCCD reaches a point where it can no longer borrow additional FTES to cover what was rolled back in the past, and as a result, a lot fewer FTES will be reported. Fortunately, when this happened to the District in 2016-17, “Stability” funding maintained revenue levels despite the dramatic loss in reported FTES. Since 2017-18, there is a fair amount of what is considered rollback money used in funding CLPCCD expenditures.

Conclusion

Question is how much FY17/18 rollback money is reserved since the expenditures were built on the projected rollback money? Approximately \$5M was used for the SERP, and about \$1M was used for benefits. Original discussion in PBC was to pay the SERP at 20 percent over 5 years. The rollback reserve is about \$8M without looking at how much rollback money was built into the budget for FY18/19. Goals under the State SCFF are: 1) increase award of degrees, certification and credentials, 2) increase transfers, 3) decrease the number of units a student has to earn for an Associate’s Degree, 4) increase the percentage of CTE students getting employed in their field, 5) reduce the equity gaps, 6) increase the regional achievement of a living wage gaps. SCFF funding rates, major revenue assumptions, major expenditure assumptions, Budget Allocation Model Calculations, the Adopted Budget, a breakout of the fund balance, and looking ahead at budget opportunities and risks can be reviewed in the presentation titled *Advanced Presentation of the Adopted Budget for PBC* on the PBC webpage.

Action items

Person Responsible Deadline

None noted

Time allotted | 5 min | Agenda topic 9.0 Future Agenda Items | Presenter All

1. OPEB Irrevocable Trust
2. FFC SCFF Project Review

Summary of Actions Items:

1. Agenda approved
2. Minutes approved
3. IR’s to evaluate last year’s numbers for Special Admits and Incarcerated; get specific direction data

Meeting adjourned at 3:15