

PBC Meeting

APPROVED MINUTES

Meeting date | time **12/07/2018 | 12:30PM** | Meeting location **District Office Board Rm.**

Meeting called by	Standing monthly meeting	Attendees: Noell Adams, Chasity Whiteside, Thomas Orf, Paulette Lino, Tamica Ward, Kathy Medina, Matt Kritscher, Jeff Drouin, Kirti Reddy, Barb Yesnosky, Mon Khat, Dave Fouquet, Rosalie Roque, Miguel Colon, Turner Zischka, Diane Brady, Cathy Gould, Rajinder Samra and Dawn Neideffer
Type of meeting	Planning & Budget	
Facilitator	Ron Gerhard, Rajeev Chopra & Cathy Gould	
Note taker	Dawn Neideffer	
Timekeeper	Ron Gerhard	

AGENDA TOPICS | MEETING COMMENCED AT 12:30

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

Discussion	None
Conclusion	Approved

Action items Person responsible Deadline

None

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

Discussion	Sarah Thompson made a recommendation in the November meeting, for item 6.0, of using the GF reserves to pay back the FTEF cost of generating the rollbacks. Noell added that two task forces were created in November and the one she thought she volunteered for was going to look at rubric and policy as it pertains to the funding model, not the designated programs. Noell, regarding item 5.0, she thought it was for criteria of the rubric and evaluating the policies for SCFF. Noell attempted to clarify the task force assignments w/ the chairs but did not hear back. Original discussion included the "reserve rubric" (item 5.0 in November minutes), savings -vs- investments and the policies that pertain to the proposed rubric.
Conclusion	Ron said FFC is looking at metrics and SCFF related budgets, and that there may be a need for a 3 rd task force.

Action items Person responsible Deadline

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| 1. Add Sarah's recommendation to minutes | Dawn | 01/11/19 |
| 2. Create a 3 rd task force | Noell & Tri-chairs | 01/11/19 |

Discussion	Enrollment at both colleges is down for spring; FTES target accepted by the Chancellor; there was a recognition that while DEMC set FTES targets for non-credit, there needs to be work done thru FFC and both college's Curriculum Committees to set a curriculum policy for non-credit FTES so DEMC can set their target; the only issue out of DEMC that is unresolved, is the review and potential modification of UGLY sheets and where the responsibility for this task lies. Ron said at last FFC Cynthia did a good job of getting folks on the same page for purpose, purview and what folks wanted the FFC to look at, such as equity, philosophy statement and guiding principles.
Conclusion	Final review of FFC's philosophy statement is forthcoming; Chancellor supported and approved adding another classified rep. Also, there was a discussion about FFC meeting time and whether or not to adjust. FFC will remain a two hour meeting for now.

Action items

Person responsible **Deadline**

None

Discussion	Ron reviewed adjunct faculty budget flyer, <u>Analysis of 13XX (instructional and part time faculty) budgets 12/7/2018 FTES Targets</u> . Dale noted the years were off by one year. First column is 2014-15, and then next column is 2015-16, 2016-17, 2017-18 and last column is 2018-19. Ron said looking at categories in the budget in FFC and DEMC, that both colleges have had struggles in their budget that have caused hardships in other [budget] areas while trying to fill the hole; the result is a trend of deficit spending. As of 11/30/18, \$10.3mil of the loaded budget of about \$16.3mil. has been spent. Ron reviewed the <u>2018-19 Draft 1301 Budget</u> : document and the Budget Projections, row by row. Dave asked about reassign time; Ron responded that the numbers include what is in the faculty member's instructional obligation and not the FA responsibilities. Rajeev wants to know why UGF loaded numbers for CC & LPC are so similar (row 6 on 2018-19 FTES Targets), Ron said it would be more clear at the end of the document review. Ron continued to breakdown rows 13-19 an then moved onto the <u>2017-18 320 Recal Comparison 12/7/2018</u>
Conclusion	Miguel and Roanna clarified that all FTEF's were filled across the colleges; Ron said financial and accounting principles do not affect the 320 report. When Ron was at State's Chancellor's Office last week, he asked if there will be enough growth money from 2017-18 to fund everybody's [state community colleges] rollback. The "good, unofficial news" is, yes, looks like CLPCCD will be funded for the total rollback amount of 1,668.41 FTES. This will generate additional revenue during the hold harmless years. This is the

money that will be going toward SCFF reserve. Sarah clarified she did not want to use the SCFF reserves to repay rollbacks, but to take the ~ \$3.7mil out of the General Fund Reserves. Roanna said that since it is 'district' reserves, (rollbacks go to the district) what does the district think? Ron said the rollback was timing and did not change the colleges FTES targets just the year they were reported, and there was no additional burden to the colleges; but what has been created is difficulty in recognizing that the revenue in 2017-18, a year that we deficit spent by \$8mil., gets put into the following fiscal year, for example: the revenue was generated in 2017-18 and the expenses are reflected in 2018-19. Ron continued to say the \$8.8mil is directly related to the rollback and to reimburse colleges out of the revenue that was derived by the rollback. Sarah said we won't know anything until February and as a committee, we have not had to manage this much money; no proposal or process is in place. Sarah suggested giving colleges back the money now to be expedient. Natasha said often one has to go backward to understand the budget and suggested putting FTES/F on schedule to meet targets. Rajeev suggested we keep the integrity of the SCFF reserve and not to comingle the reserve funds. Miguel said we are 2 years 4 months from the 'cliff'; how we spend \$8mil is not going to matter if we are losing 10mil per year. Processes need to be put in place to prepare. Dale disagrees with Sarah, said Chabot has more FTES in the summer and the dollars created in the rollbacks come from Chabot; said Chabot will be shorted because Chabot generates the entire productivity and more FTES in the summer. College rollback money goes to district. Dale agrees with Ron's proposal to take the money generated from the rollbacks to pay back the debt or expense the rollbacks created. Ron said it's less of a concern to him which pot of money the paybacks come from, that the conversation is about how to fix this one year because it is a recurring, habitual problem that undermines the fiscal solvency of the district. More discussion ensued over building better budgets, needing the whole years' worth of FTES data to see how FTES funds are being generated each quarter (not only in the summer). Rajeev is dubious about reserves being earned on the back of Chabot College. Tricia said it is a fact that when colleges are not compensated for the FTES generated, it creates a deficit; she also feels adjunct costs at both colleges is understated. Ron said it is good to hear the beginnings of the conversation to revise BAM. Ron replied to Rajeev saying colleges are going to deficit spend on contract services, funding FTEF/S. FTES from general or restricted fund is 320 to proportionment revenue. Sarah reiterated she would like to see the colleges paid back immediately and that colleges are not set up to deficit spend.

Action items

Person responsible Deadline

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| 1. Look at multi-year expenditures | Ron | Next agenda item |
| 2. Get fully funded adjunct faculty budgets to make FTES goals | Ron | 01/11/19 |

Discussion

Ron said he feels this is the main event for the meeting, it's a carry forward of the past few month's conversations and scenarios that were modeled off revenue to see the time when we are off of hold harmless status and on SCFF revenues and expenditures. Ron reviewed the document Multi-year Unrestricted General Fund Projection. Academic salaries include administrators. Other Revenue is Unrestricted Lottery, etc. This document takes all position control and vacant positions in 2018-19 and carries it forward, assuming no new positions will be added, adjusting for step and column increases and other augmentations to budget; same thing for Classified Salaries (which includes part time classified) so committee can begin to assess the budget. For the Benefits category, increases are based on PERS and STRS increases and statutory benefits only; health and welfare is held constant to assess (it is recognized this is a big assumption, but numbers are kept constant here for assessment purposes). We do not know the percentage of the health and welfare increases, yet. UGF Projections includes a COLA of 2.58% which is revenue that may or may not be funded in 2019-20 [state's decision]. Ron continued to review the "assumptions" listed on the document. There is a 1% revenue increase per year projected. In 2018-19 we are creating a surplus of \$3.2mil. Ron recommends this surplus as a possible resource to reimburse colleges

Conclusion

Surplus will be maintained during the hold harmless years. In 2021-22, there will be a \$7mil swing from surplus to deficit. In February/March we will get health renewal rates to incorporate into the budget before the fiscal year ends. Dave does not want to assume doom and gloom and feels hopeful we can do better than 1% with FTES growth. Funding Formula Committee is leading the view of how to increase revenue with certificates and degrees (and the possibility of auto awarding); Ron said PBC piece is to assess what we know and put simulations together so we know what the budget for the SCFF reserve should look like; also, how to fix the chronic problem of the adjunct faculty budget in 2018-19, because we are halfway through the year and we know the college adjunct budgets are insufficient to get us through the FTES part. Looking at the data, we can take away a recommended budget for the SCFF reserve. Conversation about the assumptions ensued. Ron said there are three alternatives to pay colleges back for rollbacks: (1) Unrestricted General Fund (2) SCFF reserve (amount unknown, presently) (3) Not touching SCFF reserve, but instead use structural surplus of \$3.3mil that already exists.

Thomas made the motion to accept alternative (3) to use \$3.3mil to balance budget to zero. Rajeev seconded motion. Ron clarified that it would not be along the lines of the BAM percentages. Sarah clarified with Ron that district would make the recommendation to support the college's schedule to support the adjunct faculty budgets. MOTION CARRIED

Action items	Person responsible	Deadline
1. Recommend reimbursing colleges to CO	Ron	02/01/19
2. Compile a 5 year Multi-year UGF Projection	Rosalie/Barb/Ron	02/01/19
3. Incorporate new health rates into projections	Barb/Rosalie/Ron	04/05/19
4. Voting members decided to use the structural surplus of \$3.3mil to pay back colleges for rollbacks	Voting members	Motion carried

Time allotted | 45 min | Agenda topic 6.0 True-Up of Identified Program Budgets in BAM | Presenter Ron

Discussion	The 3A True-Up Task Force is looking at last year's expenses. Both task forces will meet on 12/14/18.
Conclusion	A task force to look at rubric and criteria is needed. Rajeev said the 3A True-Up data is still being put together.

Action items	Person responsible	Deadline
1. Collect volunteers for the 3 rd task for that will focus on rubric, policy and criteria.	Dawn	February 2019
2. Finalize the 3A True-Up data to present to PBC	3A True-Up TF	01/11/19

Time allotted | 3 min | Agenda topic 7.0 Monthly Financial Statements for Information/Review | Presenter Ron

Discussion	Ron directed attendees to look at <u>UGF Budget Status Report</u> and asked if there were any questions. There were none.
Conclusion	UGF Budget Status report reviewed.

Action items	Person responsible	Deadline
None		

Time allotted | 0 min | Agenda topic 8.0 Other A) Future Agenda Items | Presenter Ron

Discussion	Tricia said we are mostly through planning cycle, it may be useful to connect what the degrees and certs are expected to generate so we can true-up our predictions. Kathy said financial aid issues need to be addressed. Next scheduled meeting is in February but attendees want to meet in January, as well.
Conclusion	Future Agenda Items: (1) Financial Aid Issues (2) Miguel suggested task forces report back to model out the results (3) FFC report out. Next meeting is set for 01/11/19.

Action items

Person responsible Deadline

Set and send next agenda

Tri-Chairs/Dawn

01/04/19

Meeting adjourned at 2:20