

BUDGET COMMITTEE

MEETING AGENDA

May 6, 2015

3:00 p.m.



Location: Building 4, Conference Rm. #2460

Time: 3:00 p.m. – 4:30 p.m.

Committee Members:

Mike Gregoryk, Chair	Gary Nellesen	Fernando Aguayo (Student)	Bill Scroggins (Guest)
Richard McGowan, Co-Chair	Martin Ramey	Gisela Carrillo-Lopez (Student)	
Irene Malmgren	Rosa Royce	Lisa Romo	
Audrey Yamagata-Noji	Justin Ott		Brigitte Hebert for Kerry Martinez (Notes)
Mark Fernandez	Michael Sanetrick		
	Lance Heard		

AGENDA ITEMS:

- 1. Agenda Check**
- 2. Review Budget Committee Meeting Summary of April 15, 2015**
- 3. Discussion with Uyen Mai and Jill Dolan – How to Improve Communication About Budget Issues to the Campus and Community**
- 4. Review and Discuss New Resource Allocation Requests - Funded**
- 5. Review and Discuss Final Draft of the Immediate Need Request and the Rate-Driven Increase Request for the Budget Development Guide**
- 6. Review and Discuss 2014-15 Budget Comparison History – Scenarios A & B**
- 7. Review Draft Memorandum to Dr. Scroggins and President’s Cabinet from Budget Committee Regarding Funding OPEB Trust**
- 8. Associated Students – Budget Presentation**

**Mt. San Antonio College
Budget Committee
Summary of April 15, 2015**

Committee Members:

- Mike Gregoryk, Chair
- Richard McGowan, Co-Chair
- James Jenkins for Irene Malmgren
- Audrey Yamagata-Noji

- Martin Ramey
- Mark Fernandez
- Rosa Royce
- Lance Heard
- Lisa Romo

- Gisela Carrillo Lopez (Student)
- Fernando Aguayo (Student)
- Justin Ott
- Gary Nellesen

- Michael Sanetrick
-
- Bill Scroggins (Guest)
- Kerry Martinez (Notes)

ITEM	DISCUSSION/COMMENTS	ACTION/OUTCOME
1. Agenda Check		Approved, as presented.
2. Review Budget Committee Meeting Summary of March 18, 2015	The Budget Committee Meeting Summary of March 18, 2015, was approved, as presented.	Approved, as presented.
3. Discuss Positions Funded with One-time Anticipated 2014-15 Growth, One-time Supporting, and Operating Expenses Funded with Anticipated 2014-15 Growth	Richard McGowan stated this has been Budget Committee's ongoing discussion about what we want to do with the concept of continually taking ongoing expenditures and considering them for a period of time as one-time only where people have to come back and request funding over and over again. Gary Nellesen gave an example in the custodial positions that they hire. He explained that they are not a one-time need, they are an ongoing need but they can't be funded as ongoing because they don't have an ongoing General Fund budget to support them. This creates an awkward situation for the employee when the budgeting cycle comes around the next year. He's not sure if there is an easy answer to this issue because of AB500 and PERS rules that govern these positions. Richard reviewed handouts with the Budget Committee explaining the positions and expenses that are affected by this practice. It was noted that it is difficult to decide what category these expenses should fall under; a New Resource Allocation, an Immediate Needs Request, or a Rate-Driven Increase? Richard noted how this practice started which was because there was no ongoing money	

	<p>available during the budget crunch, and the only new money received was one-time money. Now, times are changing and we are receiving growth in our budget along with a few other items which makes it necessary to rethink this whole process, especially the funding of positions. Richard stated as a committee we should think about our position and what recommendation we should make to Dr. Scroggins. It was agreed that to the extent that funding is available, the first priority for moving expenses from one-time to ongoing should be positions. It was suggested the Budget Committee develop definitions for one-time and ongoing, and give specific examples. Audrey Yamagata-Noji noted that the actual budget process says we do not fund positions with one-time money. She suggested we recommend the College return to and follow the current process, and discontinue the current practice. Mark Fernandez stated part of the process says that Immediate Needs Requests for one-time funding are supposed to come to the Budget Committee to review and make sure the process is followed. Currently they go directly to President's Cabinet instead of Budget Committee and bypass the process. He stated the Budget Committee should find a mechanism to assure that all of the Immediate Needs Requests come to them for review so a recommendation can be made. The Budget Committee agreed that a recommendation to Dr. Scroggins should be made that states the College should follow the approved process which says positions will only be funded as ongoing, and not on a one-time basis. There was a discussion regarding the requirement in the budget process that says a requestor must submit their funding request one time each year for three years before it can become ongoing, and whether or not this is necessary if it is determined to be an ongoing expense in the first year.</p>
<p>4. Discuss Budget Process Guide – Immediate Need Request and Rate-Driven Increase Request</p>	<p>Richard explained the handouts titled Immediate Need Request and Rate-Driven Increase Request. The Budget Committee members discussed and reviewed the current definitions that were approved in 2011. The Budget Committee discussed and made suggestions for the language for the Immediate Need Request as follows:</p> <p><u>Immediate Need Request</u></p> <p>At times, departments/units will discover that they have an “immediate need.” Immediate needs are shortfalls in funding that, unless filled immediately, could</p>

cause the program to cease to function, or to meet an increased need in a required service that without it can severely impair the program, or to meet and unanticipated need in a required legally mandated service that could severely impair the program or cause liability to the College (examples below). The Immediate Need Request Form (Sample on Page) should be submitted to the appropriate dean/director as an attachment to the Status Quo Budget Sheet.

- **Example 1** - An “immediate need” would occur if an expensive required piece of equipment has broken and cannot be repaired; instruction cannot continue without it, but the department/unit does not have enough available budget to purchase a replacement. If the equipment is so expensive that it would by itself drain much of the supply budget, and so necessary that the program could not continue without it, then it qualifies as an “immediate need.”

- **Example 2**

- **Example 3**

The Budget Committee discussed and made suggestions for the language for the Rate-Driven Increase Request as follows:

Rate-Driven Increase Request

Departments/units may also experience a need for a budget increase, which is **contractually** mandated and out of the departments/unit control. This type of budget increase is considered a “rate-driven increase.” Examples of rate-driven increases are an increase cost in equipment maintenance agreements, institutional memberships, insurances, and utilities. The increased cost of paper is not considered a rate-driven increase **because options exist to lower the cost of paper.** Please complete the Rate-Driven Request Form (Sample on Page) anytime during the fiscal year when this type of increase occurs. Both the Immediate Need Request Form and the Rate-Driven Increase form may be requested electronically from Fiscal Services.

	<p>The Subcommittee members will meet and write the final draft for the Immediate Need Request and the Rate-Driven Increase Request and bring them back to the next Budget Committee meeting for approval of inclusion in the Budget Development Guide.</p>
<p>5. Other Discussion Items</p>	<p>The Budget Committee agreed that it would be beneficial to have our student members from the Associated Students give a presentation to explain their budget process. Fernando Aguayo stated they should be prepared to give a presentation at the next Budget Committee meeting on May 6, 2015.</p> <p>Richard stated he is currently on bank leave this semester and has been volunteering to come in to Co-Chair and work on the sub-committee. He is going to be doing some traveling and will not be around for the rest of the semester. He is meeting with Dan Smith and Mike Gregoryk to talk about what they plan to do. He's not sure if this will be on an interim or ongoing basis.</p>

FUTURE AGENDA ITEMS

- Associated Students – Presentation Regarding Their Budget Process
- Discussion with Dr. Scroggins - Language from Budget Development Process Regarding Ongoing One-time Funding to Ongoing
- Discussion with Uyen Mai – How to Improve Communication About Budget Issues to the Campus and Community
- Continue Review of the Budget Review and Development Process

FUTURE MEETING DATES

- May 6, 2015
- May 20, 2015
- June 3, 2015

Immediate Need Request

An "immediate need" occurs when a sudden, one-time increase in funding is necessary to continue operating a critical program or service or a legally mandated program or service or to prevent liability to the College. Immediate need requests shall not be used to hire faculty or staff. At times, departments/units will discover that they have an "immediate need." Immediate needs are shortfalls in funding that, unless filled immediately, could cause the program to cease to function, or to meet an increased need in a required service that without it can severely impair the program, or to meet and unanticipated need in a required legally mandated service that could severely impair the program or cause liability to the College (examples below). The Immediate Need Request Form (Sample on Page XX) should be submitted to the appropriate dean/director as an attachment to the Status Quo Budget Sheet.

- **Example 1** — An "immediate need" would occur if an expensive required piece of equipment has broken and cannot be repaired; instruction cannot continue without it, but the department/unit does not have enough available budget to purchase a replacement. If the equipment is so expensive that it would by itself drain much of the supply budget, and so necessary that the program could not continue without it, then it qualifies as an "immediate need."
- **Example 2** — *An "immediate need" would occur if an increase in the cost of fuel for the aeronautics program would cause the planes to be grounded and students would be unable to fly.*
- **Example 3** — *An "immediate need" would occur if the college discovers mold growing in an occupied building and must hire a haz-mat service to come in and remove the mold and such a service was not included in the facilities budget or any department budget.*

Rate-Driven Increase Request

~~Departments/units may also experience a need for a budget increase, which~~ A “rate-driven” increase is a contractually mandated increase in cost and that is out of the department’s/unit’s control. ~~This type of budget increase is considered a “rate-driven increase.”~~—Examples of rate-driven increases are an increase cost in equipment maintenance agreements, institutional memberships, insurances, and utilities. The increased cost of paper is not considered a rate-driven increase because options exist to lower the cost of paper. Please complete the Rate-Driven Request Form (Sample on Page XX) anytime during the fiscal year when this type of increase occurs. Both the Immediate Need Request Form and the Rate-Driven Increase form may be requested ~~electronically~~ from Fiscal Services or downloaded from the “Forms” section of the employee web site at <http://connection.mtsac.edu/forms/index.html>.



Mt. San Antonio College

1100 North Grand Avenue | Walnut, CA 91789 | (909) 274-7500

DRAFT

To: Bill Scroggins, President & CEO, and President's Cabinet Members

From: The Budget Committee:
Michael Gregoryk (Chair), Richard McGowan (Co-Chair), Irene Malmgren, Audrey Yamagata-Noji, Rosa Royce, Juan Jauregui, Lance Heard, Lisa Romo, Mark Fernandez, Martin Ramey, Michael Sanetrick, Gary Nellesen, Fernando Aguayo (Student), Gary Nellesen, Gisela Carrillo Lopez (Student),

Date: May 6, 2015

Subject: Budget Committee Recommendation – Funding Plan of Other Post-employment Benefits Other Than Pension (OPEB) and Change of the Financial Presentation

On March 19, 2014, the Budget Committee formally recommended to discontinue the College's current practices of one; making no annual contributions to the OPEB Trust, and two; paying the retirees' health premiums from the interest earned on the OPEB Trust. As a result, the College implemented a plan for the 2014-15 fiscal year, which consisted of funding a \$2,500,000 payment towards the annual contribution to the OPEB Trust from the Unrestricted General Fund on a one-time basis and continue paying the health premiums from the interest earned on the OPEB Trust.

Effective with the 2015-16 fiscal year, the Budget Committee members would like to formally recommend:

- The College continue the funding of \$2,500,000 towards the annual contribution to the OPEB Trust on an ongoing basis from the Unrestricted General Fund;
- paying the retirees' health premiums from the interest earned on the OPEB Trust;
- if the interest earned from the OPEB Trust does not cover the annual cost of the health premiums in any given fiscal year, the difference will be covered by the Unrestricted General Fund; and
- change the financial presentation of the OPEB annual contribution and health premiums to reflect the \$2,500,000 as an ongoing expenditure budget, and the difference as a one-time expenditure budget with the corresponding one-time budget savings.

The following are some very important reasons to consider this recommendation:

- To decrease the accumulating OPEB liability, which is estimated to be \$24,378,207 as of June 30, 2016;

BOARD OF TRUSTEES

DR. MANUEL BACA - ROSANNE BADER - JUDY CHEN HAGGERTY, ESQ. - FRED CHYR - DR. DAVID K. HALL - LAURA SANTOS - ROBERT HIDALGO
COLLEGE PRESIDENT & CEO: DR. WILLIAM T. SCROGGINS

- increased liabilities in the audited financial statements may have an adverse effect on bond ratings as they reduce the net assets of the College;
- GASB 45 standards which require public agencies to account for retiree health benefits like pensions. These standards apply to accrual basis financial statements;
- accreditation reviews now include making sure there is an “institutional plan for funding the liability;” and
- accurately reflect the structural ongoing deficit of the College. A large portion of the structural deficit is the cost of the OPEB annual contribution and the retirees’ health premiums. Including these budget expenditures as ongoing and subtracting them as one-time savings distorts the ongoing structural deficit. Only the portion actually committed for payment will be shown in the ongoing section of the College financial reports.

The Budget Committee would like to hear your ideas on the above plan, which will allow the College to continue to recover from the devastating State budget reductions of \$12.7 million in the 2011-12 fiscal year. Committee members would like to see a final plan and begin implementation effective with the 2015-16 fiscal year.

Thank you for your consideration.

BOARD OF TRUSTEES

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COLLEGE PRESIDENT & CEO: DR. WILLIAM T. SCROGGINS**



Background & Overview

The purpose of the Associated Students Budget is to fund student programs activities, and services. The budget is comprised of the \$11 Student Activities fee revenues collected in the current fiscal year, to be expended in the following fiscal year.

1. In the second week of January an e-mail is sent for the 2015-16 budget request to all A.S. account advisors and requestors by the Director of Student Life. Advisors/Requestors have until mid-February to type and submit all requests to the Student Life Office. We receive approximately 30 requests annually, of which about 2 will be new requests. The requests regularly exceed the available budget. This year requests and salaries totaled \$607,539, and the budget totaled \$558,325. A.S. had to cut \$49,214 from requests.
2. Once requests are submitted, requestors then present their request to the Associated Students Senate. Presentations are scheduled for week 1 – week 6 of the spring semester. Presentations and questions are schedule for 10 minutes total.
3. The A.S. President, Vice President and A.S. Advisor meet weekly during the presentation period to create a balanced budget to present to A.S. Senate.
4. Once the budget is balanced by the A.S. President and Vice President, the balanced budget is recorded in the status quo budget spreadsheet/template created by Fiscal Services. The spreadsheet is then presented to the A.S. Senate, where it is deliberated, amended and ratified.
5. The Final budget is then referred to the Board of Trustees for approval in June. All approved budget requests will then be available July 1, 2015 through June 30, 2016.

Budget Rules & Criteria

1. Programs, activities and services funded with A.S. money must be open to all Mt. SAC students that have paid the current Student Activities Fee.
2. All students participating in such programs, activities and services must have paid the current Student Activities Fee.
3. Any program, activity or event funded by A.S. must denote the source of funding on all printed materials.

Associated Students Budget

Student Activities Fee Comparison (Last 3 school years)		
(School Year)	Student Activities Fee Total	% Change
13-14	\$576,586	
14-15	\$566,125	(2%)
15-16	\$558,325	(3%)

Programs that Request for Funding

- 1. A.S. Student Life:** A.S. Office, A.S. President's Hospitality, A.S. Campus Activities, A.S. Black History Month, A.S. Holiday Celebration, A.S. Talent Show, A.S. Halloween Event, A.S. Environmental Projects, A.S. Elections, A.S. Cross-Cultural Fair, A.S. Commencement, A.S. Athletic Activities, A.S. Finals Frenzy, A.S. Inspiring Women Appreciation, A.S. Night Student Appreciation, Constitution Day, Honors Program.
- 2. A.S. Campus Projects:** Items of lasting value. Microwaves, Furniture, Marquee(baseball field)
- 3. A.S. Inter-Club Council:** A.S. Club Awards, Hospitality.
- 4. A.S. Student Center:** Supplies, Maintenance Agreements, New Equipment.
- 5. A.S. Publicity:** Supplies, Promotional Supplies, Promotional Items.
- 6. A.S. Departments, Programs and Teams:** A.S. Livestock Team, A.S. Association for Machinery Computers, A.S. Turf Team, A.S. Music, A.S. Flying Team, A.S. Choral Singers, A.S. Horse Show Team, A.S. Art Gallery.
- 7. A.S. Awards and Recognition Programs Supplies:** A.S. Scholarship Awards, A.S. Student Leadership Awards, A.S. Educator/Students of Distinction.
- 8. A.S. Student Scholarships:** A.S. Leadership/Service Scholarships, A.S. Student Book Scholarships, A.S. ICC Service Scholarship, A.S. Students of Distinction Scholarship.

Associated Students Budget Allocations

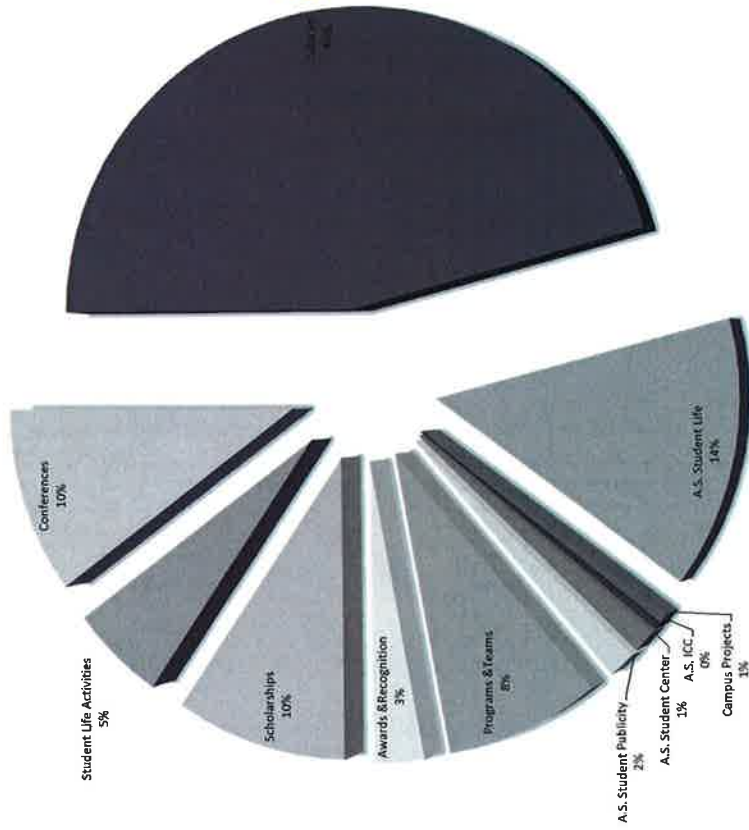
	A.S. Student Life	Campus Projects	A.S. ICC	A.S. Student Center	A.S. Student Publicity	Programs & Teams	Awards & Recognition	Scholarships	Student Life Activities	Conferences	TOTAL BUDGET
	\$ 80,093.00	\$ 2,800.00	\$ 2,000.00	\$ 7,200.00	\$ 8,500.00	\$ 47,417.00	\$ 15,800.00	\$ 54,000.00	\$ 30,300.00	\$ 58,100.00	\$ 566,125.00
Percentage of Budget	14.1%	0.5%	0.4%	1.3%	1.5%	8.4%	2.8%	9.5%	5.4%	10.3%	100%

ASSOCIATED STUDENTS BUDGET ALLOCATIONS

■ Salaries
 ■ A.S. Student Life
 ■ Campus Projects
 ■ A.S. ICC
 ■ A.S. Student Center
 ■ A.S. Student Publicity
 ■ Programs & Teams
 ■ Awards & Recognition
 ■ Scholarships
 ■ Student Life Activities
 ■ Conferences



3 positions
\$558,600



Mt. San Antonio College Associated Students

A.S. Vision Statement

We passionately serve the personal growth of every student, as well as the enrichment of our Mt. SAC community; We fulfill this responsibility with an informed voice, mutual respect and partnership in our College's shared governance, in other venues and celebrations; We wholeheartedly pledge to conduct ourselves, in all endeavors, with utmost humanity, stewardship and integrity; We strive to nurture and preserve our A.S. spirit, traditions and legacy for students yet to come.

Background & Overview

The purpose of the Associated Students budget is to fund student programs, activities, and services. The budget comprises revenue collected the previous year via the \$11 Student Activities fee.

Budget Rules & Criteria

1. Programs, activities and services funded with A.S. money must be open to all Mt. SAC students that have paid the current Student Activities fee,
2. All students participating in such programs, activities and services must have paid the current Student Activities fee,
3. Any program, activity or event funded by A.S. must denote the source of funding on all printed materials.

** These rules have been extracted from the Associated Students Financial Directive. For complete rules and procedures, please refer to the A.S. Financial Directive, which can be found at: <http://www.mtsac.edu/as/forms.html>*



Associated Students, Mt. San Antonio College
BUDGET REQUEST FORM | 2015-2016 FISCAL YEAR

Name of Program/Event/Activity:
Name of Person Responsible for this Account: <i>Please note that the person managing this account must have <u>Banner requisition training</u>.</i>
<u>Purpose of Request</u>
<u>Description of Program/Event/Activity (Please be specific)</u>
How will this program/event/activity enrich the Mt. SAC community?
Prepared by:
Date Prepared:



Associated Students, Mt. San Antonio College
 BUDGET REQUEST FORM | 2015-2016 FISCAL YEAR

NAME OF PROGRAM/EVENT/ACTIVITY: «Account» _____

TOTAL AMOUNT REQUESTED: «Amount» _____

Line #1. District Budget Account Title * Line #2. Items Requested	District Object Code*	A.S. Funding Received (2014-2015) if applicable	A.S. Funding Requested (2015-2016)
1.			
2.			
1.			
2.			
1.			
2.			
1.			
2.			
1.			
2.			
1.			
2.			
1.			
2.			
TOTAL AMOUNT:			

***District Object Code and Budget Account Title is required for processing.** Object Codes can be found on the Associated Students website on "Forms & Documents" page at: <http://www.mtsac.edu/as/forms.html>. Click on "Banner Object Codes." Object codes **MUST** be specific, no budget transfers will occur.

Associated Students, Mt. San Antonio College

Budget Request

1. All Mt. SAC students who participate in A.S. funded programs/events/activities must have paid their current Student Activities Fee; how will you ensure that Mt. SAC students who participate in or benefit from this program/event/activity have paid their current Student Activities Fee? Has this program/event/activity received A.S. funding in previous years? If yes, please tell us for what amount and explain its use.
2. Is the program/event/activity open to all Mt. SAC students who have paid the current Student Activity Fee? Please explain.
3. Has this program/event/activity received A.S. funding in previous years? If yes, please tell us what amount and explain its' use.
4. How many Mt. SAC students are targeted to participate in this program/event/activity?
5. Does the program/event/activity receive additional funds from any other source? If so, from what source(s) and for what amount(s).
6. All programs/events/activities that receive funding from A.S. must acknowledge A.S. sponsorship. How will the program/event/activity recognize and promote the A.S. as a sponsor?

All budget requests must be typed. All A.S. Budget Requests must be submitted to the Student Life Office, Building 9C no later than Thursday, February 19, 2015.