

BUDGET COMMITTEE

MEETING AGENDA

June 3, 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	Martin Ramey	Fernando Aguayo (Student)	Bill Scroggins (Guest)
Dan Smith, Co-Chair	Rosa Royce	Gisela Carrillo-Lopez (Student)	
Irene Malmgren	Justin Ott		
Audrey Yamagata-Noji	Michael Sanetrick		Kerry Martinez (Notes)
Mark Fernandez	Lance Heard		
Gary Nellesen	Lisa Romo		

AGENDA ITEMS:

- 1. Agenda Check**
- 2. Review Budget Committee Meeting Summary of May 6, 2015**
- 3. May Revise – 2015-16 Tentative Budget**
- 4. Discussion with Bill Scroggins – Language from Budget Development Process Regarding Ongoing One-time Funding to Ongoing**

**Mt. San Antonio College
Budget Committee
Summary of June 3, 2015**

Committee Members:

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|---|--|---|--|
| <input checked="" type="checkbox"/> Mike Gregory/k, Chair | <input type="checkbox"/> Martin Ramey | <input checked="" type="checkbox"/> Gisela Carrillo Lopez (Student) | <input checked="" type="checkbox"/> Michael Sanetrick |
| <input checked="" type="checkbox"/> Dan Smith, Co-Chair | <input checked="" type="checkbox"/> Mark Fernandez | <input checked="" type="checkbox"/> Fernando Aguayo (Student) | <input checked="" type="checkbox"/> Bill Scroggins (Guest) |
| <input type="checkbox"/> Irene Malmgren | <input checked="" type="checkbox"/> Rosa Royce | <input type="checkbox"/> Justin Ott | <input checked="" type="checkbox"/> Kerry Martinez (Notes) |
| <input checked="" type="checkbox"/> Audrey Yamagata-Noji | <input checked="" type="checkbox"/> Lance Heard | <input checked="" type="checkbox"/> Gary Nellesen | |
| | <input type="checkbox"/> Lisa Romo | | |

ITEM	DISCUSSION/COMMENTS	ACTION/OUTCOME
1. Agenda Check		Approved, as presented.
2. Review Budget Committee Meeting Summary of May 6, 2105	The Budget Committee Meeting Summary of May 6, 2015, was approved, as presented.	Approved, as presented.
3. May Revise – 2015-16 Tentative Budget	Rosa Royce updated the Budget Committee members about the May Revise and stated there is good news for the California community colleges. She reviewed the handout titled 2015-16 Governor's May Revision Highlights May 27, 2015, with the Budget Committee. Some of the system-wide highlights include a \$61 million (1.02%) Cost-of-Living Adjustment (COLA), \$156.5 million (3%) Growth/Access, \$266.7 million to support College general operating expenses, \$75 million to support an increase in full-time faculty hiring, \$626 million in one-time funds to pay down prior mandated obligations, \$148 million for deferred maintenance and instructional equipment, \$115 million for Student Equity Plan, \$38.7 million for Proposition 39 Energy Efficiency, \$2.5 million to fund COLA for EOPS, DSPS, CalWORKs, and the Childcare Tax Bailout programs, \$60 million in one-time funds for the Basic Skills and Student Outcomes Transformation Program (Dr. Scroggins noted that this item may not make it through legislation), \$15 million for the Institutional Effectiveness Partnership Initiative, and \$2 million in one-time funds for a pilot program to foster collaboration between colleges	

and CSU campuses relating to basic skills instruction for incoming CSU students.

Mike Gregoryk said it is important to recognize that this May Revision comes from the Governor and then it goes to the legislature where they will make decisions. He stated this is the best budget he has seen since he's been in California. We may possibly receive extra money in the Prop 98 guarantee. It's important that Mt. SAC spends its money wisely. He gave the example of the \$266.7 million to support College general operating expenses and said the big issue there is the PERS and STRS increases which will grow to an approximate rate of 20%. The College will need to set up a trust with these ongoing funds because there's the possibility that these funds will go away. These funds are ongoing now but during hard times these can change, the College needs to prepare itself for hard times. Rosa noted that the Governor's budget message is that Colleges should keep in mind that Prop 30 is going away and that the funding comes primarily from State taxes that are the result of investments in the stock market which are highly volatile.

Mike explained, for the benefit of the new Budget Committee members, what the Tentative Budget is. The Tentative Budget is a tentative plan for the College to be allowed to spend money after July 1st. The important budget is the Adopted Budget which is approved by the Board of Trustees in September.

Rosa reviewed with Budget Committee members the handout titled Unrestricted General Fund Changes to the Fund Balance from the 2014-15 Adopted Budget to the 2015-16 Tentative Budget (May 15, 2015). This report shows a beginning fund balance of \$16,370,910 (10.28%). Estimated unbudgeted revenues are \$6,085,452, and changes in 2014-15 estimated expenditures of \$5,078,742 which total \$11,164,194 in net changes in estimated revenues and expenditures. This brought the estimated ending fund balance for the Unrestricted General Fund to \$27,535,104. The total 2014-15 commitments are \$6,560,875, leaving a positive variance in the

Unrestricted General Fund of \$4,603,319 and an estimated ending fund balance in the Unrestricted General Fund after commitments of \$20,974,229. Rosa then reviewed with committee members the 2015-16 Tentative Budget with ongoing revenues of \$161,713,316 and ongoing expenditures of \$162,650,297; leaving an ongoing deficit balance of (\$936,981). One-time revenues for 2015-16 are estimated at \$7,175,228 and one-time expenditures are estimated at \$8,716,560 leaving a net change of (\$1,541,332). Finally the ending fund balance is estimated at \$18,495,916 (10.06%). Rosa stated that the 10.06% is slightly over the required 10% by Board policy. Dr. Scroggins asked Rosa to explain how the 10.06% is calculated. Rosa explained that this total is 10% of the total expenditures in the Unrestricted General Fund.

Rosa reviewed a handout titled Mt. San Antonio College 2015-16 Budget Scenarios (June 3, 2015). This report has six columns titled Descriptions, Footnote, Tentative Budget, Conservative, Likely, and Optimistic. This report shows a **Beginning Balance** of \$31,339,852 in all four columns; (Tentative Budget, Conservative, Likely, and Optimistic), **Total Revenues** of \$171,037,756 in the Tentative Budget and Conservative columns, \$179,322,059 in the Likely column, and \$185,456,216 in the Optimistic column, **Total Expenditures** of (\$183,881,692) in the Tentative Budget and Conservative columns, (\$192,165,995) in the Likely column, and (\$193,858,962) in the Optimistic column, and the **Total Fund Balance** of \$18,495,916 in the Tentative Budget, Conservative, and Likely columns; and \$22,937,106 in the Optimistic column.

It was noted that the cost for the OPEB Trust (Other Post-employment Benefits) and Retirees Health Premiums for 2015-16 is \$4,516,364 which includes an estimated increase of \$113,245. This will be paid from the interest earned in the OPEB Trust. An annual ongoing \$2.5 million contribution has been included in Unrestricted General Fund expenditure budget and will be transferred to the OPEB Trust, as approved by Board action on May 27, 2015.

	<p>It was noted that a proposal will go to the Board of Trustees in June asking for authorization to have a portion of the \$6,203,028 increase in the base allocation for 2015-16 to be placed in a trust to help cover the STRS/PERS cost increases in the future.</p>
<p>4. Discussion with Bill Scroggins – Language from Budget Development Process Regarding Ongoing One-time Funding to Ongoing</p>	<p>Dr. Scroggins stated this subject has to do with how the College deals with New Resource Allocations. One of the things that everyone is probably aware of, after looking at the budgets for a while, is that a lot of these funds are not stable over a period of time. The College needs to be cautious when making commitments that are considered ongoing when new money comes through. Sometimes we make assumptions on how the College will earn the money, on the basis of performance, and it is unknown if the College will earn it. Another example is prior year deficits for mandated costs; there was one year where this deficit was 4% and it happened in the middle of the year.</p> <p>Dr. Scroggins stated that we are in a bubble right now; the “Prop 30 Bubble.” At the end of 2016, and also at the end of 2018, the bubble will collapse and this ongoing money will stop coming. This new budget looks really good because the State is paying the College back the deficits from prior years, and the economy is recovering with the Prop 98 formula giving Colleges and K12s over 80% of the new money. Dr. Scroggins stated these funds, along with the Prop 30 funds, will go away. The College needs to be cautious in the way it spends for new resources.</p> <p>In the Tentative Budget you can see ongoing and one-time new resources. The question is; can we count on the ongoing funds? Mt. SAC’s practice is to say “give it two years and then we will believe that it’s real.” The College treats the money received and labeled as one-time because it might go away. There are a lot of uncertainties.</p> <p>Dr. Scroggins asked: “when we have money where do we spend it?” He gave the example of being under-staffed. It’s known that staffing is needed to make the new money work. When looking for resources to hire staff, the College can use some of the things that are known for sure, such as growth</p>

money, sometimes this is not enough. In the last couple of years when the College has needed to do this, it has hired staff with money that Mt. SAC's budget policy says is one-time. It's one-time because Mt. SAC is cautious. The State labels this revenue as ongoing but we spend it as one-time until it is known that it is secure. Flexibility is needed. How can we still be cautious when we are hiring staff that are considered permanent? We can reduce our force. Classified and Managers are at a disadvantage compared to Full-time Faculty because there is a faculty obligation number where the State issues a penalty (\$55,000) for every faculty that the College does not hire below that obligation number. Mt. SAC has not had to do reductions in force; even through the recession. When one-time new resource funds are used for hiring ongoing staff, these positions are evaluated the following year. Some of these positions are not re-authorized. When there is a decision made to keep positions they will go into the ongoing budget. President's Cabinet will go through this process again this summer. They will look at the money that is labeled as ongoing new resource money, look at the requests for positions or other supplies and equipment, and make decisions. More permanent staff will be hired with these funds.

The committee discussed the classified positions that are funded by the Associated Students. Dan Smith asked if these costs can be institutionalized. Audrey Yamagata-Noji stated that this has always been an issue, and it varies from college to college. Audrey stated this falls in with all of the priorities that the College has. Mark Fernandez stated the issue with the Associated Students funding classified positions causes concern that someday the Associated Student leaders may decide that they don't want to fund these positions anymore and then what happens to that classified employee? Audrey stated they have the same rights as all other college classified employees. There are many opinions on whether or not those positions should be there. Mark stated he feels it's a disservice to the Associated Students in having to pay for these positions. Is it possible for the College to take back some of these positions? Mike suggested looking at a long-term plan of transition. These positions would have to fit in with all of the other new resource allocation requests. Audrey stated you could look

at it from the standpoint that there is the SSPS Student Equity infusion of dollars that would allow them to hire both faculty and classified positions, saving the General Fund budget to a certain extent, assuming that the categorical dollars continue. It's possible to develop a plan of one position per year to be moved over. There could potentially be a small decline in revenue every year if students continue to opt out of paying students fees. Associated Students have no way to increase their revenues as employee costs go up.

Gary Nellesen stated he has a concern regarding the one-time money issue; as a group we don't value or prioritize one-time needs over needs that happen to have an ongoing cost associated with them. The College needs to be very careful that it doesn't look at a list of needs and fund the top 20 one-time needs and then when all of those have been dealt with; start looking at the ongoing needs.

Dr. Scroggins stated the College has a number of initiatives that are being funded during this recovery bubble where the strategy is to reduce future ongoing operating costs. Some examples are with what the College is doing with the PERS/STRS Trust; putting that money aside where it can be invested. Other examples are the water wells, a solar farm, energy efficiency, preventive maintenance, security of the campus such as electronic door locks and emergency preparedness, and improvement in business practices. The issue with ongoing versus one-time is a big deal, a lot of colleges do not do this; they spend one-time money on ongoing expenses and they hit the wall. They end up having to lay people off, cut classes, and reduce or eliminate benefits.

Mark stated he understands the flexibility that is needed to hire classified staff with one-time money. The real concern that the bargaining unit has is that this is a disincentive to the College; when you hire with one-time dollars it makes it very easy to say that there are no more funds so let's lay people off. The bargaining units are trying to avoid this, especially now when there is a shortage of classified staff. There is no permanency and the classified

	<p>staff takes the hit when there are cut-backs. Dr. Scroggins stated he understands and hopes everyone understands the reasoning the College is using. During the downturn everyone was working very hard and working together for common purposes. They knew that when the money comes back it would be shared; this is one of those years.</p>
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FUTURE AGENDA ITEMS

- Review Summary of Budget Committee Meeting of May 6, 2015, to Identify Concerns and Find Solutions Regarding Ways to Improve Communication About Budget Issues to the Campus and Community
- Interview Vice Presidents that serve on the Budget Committee to discuss the New Resources Allocation Process and how effective it was for them.

FUTURE MEETING DATES

September 2, 2015
September 16, 2015
October 7, 2015

**Mt. San Antonio College
Budget Committee
Summary of May 6, 2015**

Committee Members:		
<input checked="" type="checkbox"/> Mike Gregoryk, Chair <input checked="" type="checkbox"/> Richard McGowan, Co-Chair <input checked="" type="checkbox"/> Irene Malmgren <input checked="" type="checkbox"/> Grace Hanson for Audrey Yamagata-Noji	<input type="checkbox"/> Martin Ramey <input checked="" type="checkbox"/> Mark Fernandez <input checked="" type="checkbox"/> Rosa Royce <input checked="" type="checkbox"/> Lance Heard <input type="checkbox"/> Lisa Romo	<input checked="" type="checkbox"/> Gisela Carrillo Lopez (Student) <input checked="" type="checkbox"/> Fernando Aguayo (Student) <input checked="" type="checkbox"/> Justin Ott <input checked="" type="checkbox"/> Gary Nellesen
		<input checked="" type="checkbox"/> Michael Sanetrick <input type="checkbox"/> Bill Scroggins (Guest) <input checked="" type="checkbox"/> Kerry Martinez <input checked="" type="checkbox"/> Jill Dolan (Guest) <input checked="" type="checkbox"/> Uyen Mai (Guest) <input checked="" type="checkbox"/> Dan Smith
ITEM	DISCUSSION/COMMENTS	ACTION/OUTCOME
1. Agenda Check		Approved, as presented.
2. Review Budget Committee Meeting Summary of April 15, 2105	The Budget Committee Meeting Summary of April 15, 2015, was approved, as presented.	Approved, as presented.
3. Discussion with Uyen Mai and Jill Dolan – How to Improve Communication About Budget Issues to the Campus and Community	<p>Uyen Mai and Jill Dolan introduced themselves to the Budget Committee. Richard McGowan stated that the goal of the Budget Committee is to reach out to the campus community by using both internal and external communication. The website is a viable way to communicate to the outside community. Questions were raised on whether or not the campus community knows how to obtain the Budget Committee Minutes using the website, and do they truly understand the Budget Committee's role.</p> <p>Jill suggested a budget page be included on the Budget Committee's web page that will provide information to the public. It can be a way to reach the community during critical times, and perhaps the Budget Committee should revisit the technique of "blast information."</p> <p>Lance Heard stated that it is important to have two-way communication. He has heard people voice their concerns on whether or not the budget process is fair and if the allocation of funds is accurate. He asked Budget Committee</p>	

	<p>members for suggestions on how to address misperceptions and enable everyone to participate in the process. Lance gave an example; year-after-year the budgets are cut, but at the fiscal year-end there is money left over which causes confusion. He indicated by participating in the Budget Committee, he is now able to fully comprehend this issue. It is important to use layman's terms and not accounting language when communicating with the campus community and the public.</p> <p>Planning for Institutional Effectiveness (PIE) is a process in place that works and helps us as an organization identify crucial spending areas and budget needs.</p> <p>Jill raised the question on where the campus community and public will get their information and what is the best approach, i.e. Announce-C, website, handouts.</p> <p>Richard McGowan indicated the President's Weekly announcements are well-read overall. It is easy to comprehend, and overall very effective.</p> <p>Uyen asked the Budget Committee what is the type of participation that they are looking for.</p> <p>Some members mentioned the following questions:</p> <ul style="list-style-type: none">• Where are the cuts?• How are funds being allocated?• Why some projects are approved and not others?• How are budgets monitored? <p>Mark Fernandez clarified that the role of the Budget Committee is to look at the processes and not to actually determine where the budget is spent or cut. Perhaps providing information in a similar format as the President's Announcements, but sent on a quarterly basis, would be effective.</p> <p>Richard added there is much confusion out there and this would be a viable</p>
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	<p> tool to address key issues during specific times. A link to detailed budget information could be provided as well. </p> <p> Uyen asked why we are trying to reach participants on campus. She suggested looking at the audience's point of view, determining what is needed from the audience and what method will be used to reach them. She suggested notifying the campus when it is essential for them to participate. Marketing can look at the Budget Committee calendar to determine when participation is required. Other Budget Committee members suggested identifying key budget dates and who to contact if there are any questions. </p> <p> The Budget Committee discussed whether or not the campus community knows if the budget is fair and what the definition of fair is; perception versus reality. Defining what is fair may not need to go out to the entire campus. Internally, Budget Committee members should gather information, report information to their constituents, receive feedback, and close the loop by reporting back to their constituents the final outcome and confirm that the budget process was followed. It is important to inform the campus of the impact of budget spending, whether or not the objective was met, and how students were impacted. </p> <p> The Budget Committee members agreed that the next step should be to review the meeting notes of May 6, 2015, to make sure they are headed in the right direction, identify concerns and look for solutions to them, look at ways to address the concerns, and identify what is needed from their audience, if anything at all. </p> <p> Narrative will be added to budget documents. Again, focusing on layman's language, not accounting terms. </p>
<p> 4. Review and Discuss New Resource Allocation Requests - Funded </p>	<p> The Budget Committee members reviewed the spreadsheet titled "New Resources Allocation Requests – One-time April 2015. This spreadsheet shows the items that will be funded from the Unrestricted General One-Time Funds. Mike Gregoryk noted that there is a lot of time spent preparing PIE, </p>

	<p>which helps administration prioritize. It is reviewed by President's Cabinet and all questions are addressed so funds are spent wisely. Mike asked members to review the handout and contact Kerry Martinez with any questions.</p> <p>What was left off this list is also important. Instruction and Student Services have other sources of funding. What this means is that these teams are able to fund some of their New Resources Allocation requests with outside funds that are not included in this total.</p> <p>Mike addressed the sources of funding and wants to make sure people understand that there are other sources of funding. For example, Facilities will fund some of the smaller capital projects with bond money.</p> <p>Mark suggested the Budget Committee bring back a past discussion regarding interviewing the Vice Presidents to discuss the New Resources Allocation Process and how effective it was for them. The Budget Committee agreed to put this subject on the Agenda for the Budget Committee meeting on May 20, 2015.</p>
<p>5. Review and Discuss Final Draft of the Immediate Need Request and the Rate Driven Increase Request for the Budget Development Guide</p>	<p>Mark indicated there were several conversations in the sub-committee meetings regarding revising the Immediate Need Request in the budget process guidelines. Questions were presented at last meeting. Mark reviewed and developed a draft description of what a Rate-Driven Increase Request is. The Budget Committee reviewed and discussed. Some punctuation and grammar corrections were noted for Kerry to correct. It was mentioned that the definition is too wordy, and needs to be brief. The idea of providing examples in the definition is good.</p> <p>The Classification Study will dictate a retroactive payment that will come out of one-time funds for the 2014-15 fiscal year. This will be an on-going cost in 2015-16 that will require Board approval.</p> <p>Mark presented his draft definition of a Rate-Driven Increase and stated that this subject was harder to define. Mike pointed out that the biggest problem</p>

	<p>is that everyone believes their issue is rate-driven. If it is a contractual issue that we have no control over, is it a Rate-Driven Increase.</p> <p>Lance suggested that the purchase of supplies or items is not part of a rate-driven contract, and that we need to expand on this much more and be clear. The depth of misunderstanding needs to be cleared.</p> <p>Rosa Royce pointed out the increase of an hourly rate is not rate driven and a lot of requests come through as such.</p> <p>Dan Smith questioned if the language covers software maintenance agreement increases. The Budget Committee agreed it does since it is contractual.</p> <p>Irene Malmgren questioned software licensing agreements. The Budget Committee agreed it is a contract and is rate-driven. These types of examples need to be listed.</p> <p>The Budget Committee agreed, as a whole, the need to provide more examples of what is and is not rate driven.</p> <p>Mark indicated that the instructions need to be revised to read "Budget Managers should complete the Rate-Driven Request Form," and provide examples to keep the format the same as the Immediate Need Request.</p> <p>Irene pointed out that the links to these forms need to be placed on the appropriate pages.</p> <p>Rosa pointed out that some of contracts that are driven by an hourly rate (ie. legal contracts include hourly rates per job title, such as Attorney, Assistant, etc.) are challenging. It is very hard to project what the rate-driven increase will be since it depends on the hours used each year. Mike pointed out that this becomes more of a budget issue than a rate-driven issue and Gary in Facilities has the best example with legal; it depends if we are in litigation or</p>
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	<p>not (ie. parking structure legal issue). He asked that this be used as an example.</p> <p>It was suggested that when this is drafted, it would be a good idea to get feedback from employees that do not serve on Budget Committee. The Budget Committee agreed to do so for both.</p> <p>Rosa, Mark, and Dan will meet as a sub-committee and draft the revised documents.</p>
<p>6. Review and Discuss 2014-15 Budget Comparison History – Scenarios A & B</p>	<p>Rosa presented two scenarios regarding the Budget and Actuals Comparison History for the Unrestricted General Fund. Scenario A lists the structural deficit for 2014-15 as \$10,651,336. Scenario B lists the structural deficit for 2014-15 as \$6,248,217. The difference is how the OPEB Trust is being presented in the Adopted Budget. Currently the OPEB Trust is being presented as ongoing, which is inflating the structural deficit.</p> <p>Mike explained how the payments for retiree health premiums are made from the OPEB Trust. To date; the payments have been made using the interest earned on the OPEB Trust. Mike stated he and Rosa met with auditors who confirmed they do not have to be presented in the budget as ongoing. The District isn't paying for it; the OPEB Trust is paying it. He stated the College wants to present the budget for these health premiums as one-time to begin to show a more accurate structural deficit. A Board Action Item will need to be done stating that the District will make a \$2.5 million payment to the OPEB Trust. Also, indicate if for some reason there is not enough interest earned from the OPEB Trust to cover the annual cost of the retiree's health premiums; the difference will be covered by the Unrestricted General Fund. Mike stated that the one thing the College does not want to do is dip into the principal of the OPEB Trust. The OPEB is irrevocable and the money is protected.</p> <p>The Budget Committee agreed that structural deficit versus deficit is a term that needs to be defined.</p>

<p>7. Review Draft Memorandum to Dr. Scroggins and President's Cabinet from Budget Committee Regarding Funding OPEB Trust</p>	<p>Rosa asked the Budget Committee to review a draft memorandum addressed to Dr. Scroggins and the President's Advisory Council (PAC). Mike's previous explanation above regarding the OPEB Trust indicates what the memorandum entails.</p> <p>Richard asked how well the memorandum will be received. Mike confirmed that the President is aware of it and he suggested this subject go to the Board of Trustees to make sure it is very clear.</p>
<p>8. Associated Students – Budget Presentation</p>	<p>Fernando Aguayo indicated that he was asked to present to the Budget Committee how the Associated Students (AS) prepare their budgets; what their process is, and what types of programs they fund.</p> <p>Funding is mainly from student activity fees (\$11), which totals each year approximately \$550,000. From this total, approximately half goes towards funding three positions, included in the PIE Chart distributed to the Budget Committee members.</p> <p>In January, the Director of Student Life sends an email to all of the deans and directors asking if they have a program that could be funded with the AS student activity fee. All requests are completed by mid-February and put together in a Budget Deliberation Packet, which is later reviewed and presented to AS for consideration. Budget deliberation takes place after a 6-week presentation period.</p> <p>Mike mentioned that one of the items that was of great interest is that the AS knows exactly how much they have to spend for the following year since they are a year behind. They are budgeting from last year's collection.</p> <p>It was noted that the following positions, totaling \$259,829 are funded through AS:</p> <ul style="list-style-type: none"> • AS Advisor/Student Activities Coordinator • Assoc. Student Secretary

- Student Life Coordinator

Fernando stated that the AS revenues have been decreasing over the last two years. Primarily because the students are not paying the AS fee, despite the fact that enrollment has increased. AS has been identifying around campus what is being funded by Student Activity Fees to increase awareness to students. There is a concern with the increase in salaries that AS are currently funding.

Fernando noted that the PIE Chart is actually what is spent not what is projected. The programs that request funding are listed in 8 categories as noted on the hand-out.

Mark asked why classified staff salaries are being funded by AS. His concern is that if there is a budget cut to AS, what happens to these salaries? He feels they should be paid by the District. Fernando stated he did request this information from the Director of Student Life, but was not provided an answer at the time. The Director was going to ask Audrey Yamagata-Noji, but no further information has been received at this time. Mike suggested the student groups meet with Audrey and strategize to find the best way to handle this issue. He noted that in the past, there was an issue where the AS was paying for employee retiree health benefits. This has since been moved to the District. The students need to do their own analysis and indicate they have no control of the cost of salaries. Mark stated he has an issue with the job descriptions. It is not appropriate for the Classified Staff to be working for the AS; they should be working for the College.

Gary Nellesen indicated AS would run the risk of funding work not related to AS. It was confirmed although these positions work for AS, they report to the Dean. It was agreed that there needs to be more conversation regarding the staff being funded by AS. Mike suggested that the AS come up with a transition plan for the first year, and Fernando volunteer to go with Audrey to a President's Cabinet meeting.

	<p>Gary pointed out that when the new Student Center is complete, there will be a lot of items that will need to be purchased that will benefit the students, but cannot be purchased with bond funds. This would be a great opportunity to use AS funds. Plus AS will have more control of what is purchased. Mark indicated that funds currently being used for salary could be used for funding student trips which are currently being paid for by the District.</p>
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FUTURE AGENDA ITEMS

- **May Review – 2015-16 Tentative Budget**
- **Review Summary of Budget Committee Meeting of May 6, 2015, to Identify Concerns and Find Solutions Regarding Ways to Improve Communication About Budget Issues to the Campus and Community**
- **Discussion with Dr. Scroggins – Language from Budget Development Process Regarding One-time to Ongoing Funding**
- **Discussion with Dr. Scroggins – Budget Committee Recommendation – Funding Plan of Other Post-employment Benefits Other Than Pension (OPEB) and Change of Financial Presentation**
- **Interview Vice Presidents that serve on the Budget Committee to discuss the New Resources Allocation Process and how effective it was for them.**

FUTURE MEETING DATES

- **May 20, 2015**
- **June 3, 2015**

2015-16 Governor's May Revision Highlights
Michael D. Gregoryk and Rosa M. Royce
May 27, 2015

The actual revenues have significantly exceeded estimates made at the time of the Governor's January Budget Proposal. According to the Department of Finance, over a three-year period; 2013-14, 2014-15, and 2015-16, the Proposition 98 guarantee increased by \$6.1 billion. Of this amount, \$2.7 billion is for 2015-16. This upward revision provides increases in one-time and ongoing funds for K-14 education. The Governor's proposal to increase funding for the California Community Colleges at the May Revision is excellent news. These resources will aid Community Colleges in continuing to recover from the devastating reductions of the economic downturn. The key highlights of the Governor's revised budget for California Community Colleges are as follows:

- \$61 million (1.02%) Cost-of-Living Adjustment (COLA).
- \$156.5 million (3%) Growth/Access.
- \$266.7 million to support College general operating expenses.
- \$75 million to support an increase in full-time faculty hiring. Funding would be allocated per FTES, but districts with relatively low proportions of full-time faculty would be required to hire more than districts with relatively high proportions of full-time faculty.
- \$626 million in one-time funds to pay down prior mandated obligations.
- \$148 million for deferred maintenance and instructional equipment. No local match is required.
- \$115 million for Student Equity Plan.
- \$38.7 million for Proposition 39 Energy Efficiency.
- \$2.5 million to fund COLA for the EOPS, DSPS, CalWORKs, and the Childcare Tax Bailout programs.
- \$60 million in one-time funds for the Basic Skills and Student Outcomes Transformation Program. These funds are intended to improve basic skills instruction through adoption and/or expansion of evidence-based models of placement, remediation, and student support that will aid the progress and success of basic skills students.
- \$15 million increase for the Institutional Effectiveness Partnership Initiative. Of this amount, \$3 million will go toward technical assistance and the remaining \$12 million is for the development and dissemination of effective practices.
- \$2 million in one-time funds for a pilot program to foster collaboration between colleges and CSU campuses relating to basic skills instruction for incoming CSU students.
- \$50 million for Awards in Innovation in Higher Education.
- For adult education, the most notable modification is the elimination of the allocation boards that were proposed in January. Each consortium will instead be required to propose a transparent governance structure for joint approval by the Superintendent of Public Instruction and by the Chancellor.

It is important to remember that the College has not yet fully recovered from bad times. Further, the College will face additional stress in the coming years, as PERS and STRS obligations are scheduled to increase rapidly, there is the need to fund the OPEB obligation, and the state faces the sunset of Proposition 30 revenues. Given these circumstances, and the volatility of the State's revenue system, the College will need to plan carefully in preparation for the challenges ahead. It is expected that the budget will be approved and signed by the Governor prior to July 1, 2015.

