

BUDGET COMMITTEE

MEETING AGENDA

May 18, 2016

3:00 p.m.



Location: Building 4, Conference Rm. #2460

Time: 3:00 p.m. – 4:30 p.m.

Committee Members:

Mike Gregoryk, Chair
Dan Smith, Co-Chair
Irene Malmgren
Audrey Yamagata-Noji
Mark Fernandez
Gary Nellesen

Martin Ramey
Rosa Royce
Justin Ott
Michael Sanetrick
Lance Heard
Lisa Romo

Elizabeth Contreras (Student)
Johnny Montiel (Student)

Bill Scroggins (Guest)

Kerry Martinez (Notes)

AGENDA ITEMS:

1. **Agenda Check**
2. **Review the Budget Committee Meeting Summary of April 6, 2016**
3. **Governor's May Revise - Rosa Royce**
4. **Accreditation Report - Irene Malmgren**
5. **Update – Budget Development Guide**
6. **Annual Review of College Committees – Committee Goal and Progress Report Due June 1, 2016**

**Mt. San Antonio College
Budget Committee
Summary of May 18, 2016**

Committee Members:

- | | | | |
|---|--|--|--|
| <input type="checkbox"/> Mike Gregoryk, Chair | <input checked="" type="checkbox"/> Martin Ramey | <input checked="" type="checkbox"/> Elizabeth Contreras(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"/> Johnny Montiel (Student) | <input type="checkbox"/> Bill Scroggins (Guest) |
| <input checked="" type="checkbox"/> Joumana McGowan for Irene Malmgren | <input checked="" type="checkbox"/> Rosa Royce | <input checked="" type="checkbox"/> Justin Ott | <input checked="" type="checkbox"/> Kristina Allende (Guest) |
| <input checked="" type="checkbox"/> Audrey Yamagata-Noji | <input type="checkbox"/> Lance Heard | <input checked="" type="checkbox"/> Gary Nellesen | <input checked="" type="checkbox"/> Kerry Martinez (Notes) |
| | <input type="checkbox"/> Lisa Romo | | |

| ITEM | DISCUSSION/COMMENTS | ACTION/OUTCOME |
|--|--|-------------------------|
| 1. Agenda Check | | Approved, as presented. |
| 2. Review the Budget Committee Meeting Summary of April 6, 2016 | The Budget Committee Meeting Summaries of April 6, 2016, was reviewed and approved, as presented. | Approved, as presented. |
| 3. Governor's May Revise - Rosa Royce | Rosa Royce reviewed the Governor's May Revise presentation with the Budget Committee members. She stated growth is estimated at being 3.75% which, with the new formula, calculates to \$4.9 million. This is an estimate and the final number will be known by June 30 when P2 is received. Rosa explained that the Governor's message is fiscal restraint in light of a slow-growth economy. The assumption is that the Proposition 30 temporary taxes will expire and the State forecasts large deficits. Proposition 98 funding for 2014-15, 2015-16, and 2016-17 combined total \$626 million. Mt. SAC should receive approximately \$2.7 million in growth based on the FTES earned next year. This will be budgeted as one-time and will not be expended which is part of the budget development process. There will be no Cost-of-Living (COLA) adjustment. Dan Smith asked what the total cost will be that Mt. SAC has to make up for the 1% raise that is in each bargaining unit's contract. Mike Gregoryk stated it is \$1.5 million for all groups. Rosa stated the good news is that there will be an increase on the base apportionment which can be used for escalating operational costs and | |

| | | |
|--|--|--|
| | <p>STRS/PERS increases. This will be approximately \$2 million for Mt. SAC. Rosa continued to explain the Budget Highlights that include ongoing unrestricted funds, categorical restricted funds, and one-time funds. Other budget issues for Mt. SAC include the OPEB Trust, STRS increases, and PERS increases. Proposition 30 is temporary (\$24.7 million for Mt. SAC in 2015-16). Sales tax increases terminate at the end of 2016, and income tax increases terminate at the end of 2018.</p> | |
| <p>4. Accreditation Report - Kristina Allende</p> | <p>Kristina stated she would like to receive feedback from the Budget Committee on the Standard IIID draft which deals with budget. She stated the Standard IIID section of the Accreditation Report was very well done and she thanked Rosa for her and her team's hard work on it. No gaps were seen that indicate the Standard is not being met. In addition, Kristina asked the Budget Committee to also review Standard IIIB-No. 4 which addresses physical resources or facilities cost of ownership. Gary Nellesen offered to bring this to the next Budget Committee meeting to review. Gary explained life-cycle costs. Mike suggested both sections be sent to the Budget Committee members for review and comments should be returned to Kerry.</p> | |
| <p>5. Update - Budget Development Guide</p> | <p>Rosa stated the sub-committee met twice since the last Budget Committee meeting and they have developed a plan. Rosa asked Dan to explain the team's progress. Dan stated they are reordering the document to be a development guide, not a process guide. They looked at the memorandum that is sent out annually and found that a lot of the basic information was already there. They rearranged it so the appendices are in the back and the overview is in the front. It becomes a much more readable and usable document. Mark Fernandez stated they will bring a final draft to the Budget Committee for approval in the fall. Mike thanked Rosa, Mark, and Dan for their hard work on this project.</p> | |
| <p>6. Annual Review of College Committees - Committee Goal and Progress Report Due June 1, 2016</p> | <p>Mike explained that the Committee Goal and Progress Report for 2015-16 is due June 1st. The Budget Committee agreed on the following committee goals: Goal #1: Committee website is up-to-date. Goal #2: Review and revise the Budget Review and Development Process/Guideline to align and integrate with campus-wide planning processes and the Strategic Plan process and timelines.</p> | |

| | | |
|--|---|--|
| | <p>Goal #3: Review and make recommendations for the OPEB Trust (Retirees Health Benefits) to meet its funding goals. Review the Actuarial Report and make recommendations.</p> <p>Goal #4: Review and Comment on Accreditation Standard IIID.</p> <p>Goal #5: Improve communication about budget issues to the campus and community by utilizing technology and other opportunities to share information campus-wide.</p> <p>Goal #6: Review PERS/STRS financial responsibilities and recommend ways in which PERS/STRS contributions can be met.</p> | |
|--|---|--|

FUTURE AGENDA ITEMS

- **Review 2016-17 Tentative Budget**
- **Review Final Draft of the Budget Development Guide**

FUTURE MEETING DATES

- **June 1, 2016**

2016-17 Governor's May Revision Budget Proposal – Highlights
Michael D. Gregory and Rosa M. Royce
Released May 13, 2016
Presented May 18, 2016

The Governor's January message to plan for the effects of the next recession is reiterated in the May Revision budget proposal. The Governor is careful to point out that the State's projections do not assume a recession, but do assume that Proposition 30 temporary taxes will expire. Under these assumptions, the State forecasts large deficits, which grow even higher if a recession should develop.

His message highlighted the fact that April revenue collections were down by \$1.9 billion when compared to January, due to lower personal income tax and weak sales tax receipts. However, because the Rainy Fund deposit required by Proposition 2 is sensitive to revenue levels, the majority of the shortfall will be covered by reducing the State's contribution to the reserve. Thus, the good news is that there are no cuts for K-14 education included in the Governor's May Revision. In fact, Proposition 98 funding increased slightly over the January proposal. Community colleges maintain the 10.93% share of the total Proposition 98 funds. The May Revision proposes that Proposition 98 adjustments for 2014-15, 2015-16, and 2016-17 combined total \$626 million.

Community Colleges

The Governor's budget key priorities for higher education are centered on student success and program completion, the use of technology to improve efficiency and student outcomes, and improving time for the completion of degrees. The highlights of the budget for community colleges are as follows:

- \$114.7 million (2%) Growth, approximately \$2.7 million for Mt. SAC.
- No Cost-of-Living Adjustment (COLA), as compared with the estimated 0.47% in January. No COLA for categorical programs.
- \$75 million for a Base Apportionment increase (which was not proposed in January) to support increased community college operating expenses in areas such as employee benefits, facilities, professional development, converting faculty from part-time to full-time, and other general expenses. Funds could be utilized for the escalating operational costs and CalSTRS and CalPERS increases. Approximately \$2 million for Mt. SAC.
- \$30 million in ongoing funding for Basic Skills Innovation categorical program to incentivize and support colleges that successfully implement research-based practices that transition students from basic skills to college-level programs.
- \$200 million for Strong Workforce program to improve and expand access to additional Career-Technical Education (CTE) courses and implement a regional accountability structure. Split 60% to colleges and 40% to regions. Of the 60% going to colleges, 40% is for one-time purposes for program implementation; the remaining funds are for ongoing purposes.
- \$48 million in ongoing funding for CTE Pathways (SB 1070) program.
- \$2.3 million for Equal Employment Opportunity, approximately \$62,177 for Mt. SAC.
- \$105.5 million in one-time funding for Mandate Reimbursements, as compared with the \$76.3 million in January. The Governor recognizes the fiscal challenges of funding CalSTRS and CalPERS. Funds could be utilized for CalSTRS and CalPERS. Approximately \$2.8 million for Mt. SAC.

- \$219.4 million in one-time funding for Physical Plant and Instructional Support. Down from \$289.5 million in January. Districts may distribute these funds among scheduled maintenance, instructional equipment, and water conservation projects. No local match is required. Hopefully, the state will provide two years to expense these funds. Approximately \$5.9 million for Mt. SAC.
- \$49.3 million for Proposition 39 Energy Efficiency Projects, approximately \$1.2 million for Mt. SAC.
- \$38.6 million increase in one-time funding for an anticipated shortfall of the 2015-16 property taxes.
- \$8 million in ongoing funding and \$7 million in one-time funding for Telecommunications and Technology Infrastructure Program (TTIP) to expand broadband capacity across the community college campuses.
- \$25 million in one-time funding for Innovation Awards.
- \$5 million in one-time funding for Zero Textbook Cost Degree.
- \$300,000 for statewide Academic Senate to develop, promote, and act upon policies in support of student success and Workforce.
- \$20 million in one-time funding for the Online Education Initiative to support the development of courses in the Online Course Exchange.
- \$5 million increase in one-time funding for Adult Education technical assistance.

VERY IMPORTANT

The 2016-17 Governor's May Revision proposal is favorable for the California community colleges and includes an apportionment base augmentation of \$75 million, which is a clear recognition of the substantial fiscal challenges that districts face in coming years due to the escalating operational costs, CalSTRS and CalPERS employer contribution increases, large OPEB liabilities, and the fact that these cost increases will need to be addressed by colleges at the same time that Proposition 30 revenues are phasing out.

The May Revision Budget summary notes, "This November, the State's voters will be given the choice whether to extend the Proposition 30 income tax rates for another 12 years. Even if the voters pass this extension of taxes, the longer-term budget outlook would be barely balanced...If instead the voters do not pass the extension of taxes, the State will need to cut spending." Furthermore, "Given that the State has added considerable ongoing commitments since (Proposition 30) passage, the budget is currently projected to return to deficit spending when Proposition 30 revenues expire." As a result, the Governor's message is careful planning and fiscal restraint. The emphasis should be on holding the line on new and ongoing spending obligations, stabilizing expenditures, maintaining adequate reserves, and planning to sustain current programs.

A hand is shown placing a puzzle piece into a larger puzzle made of US dollar bills. The puzzle pieces are arranged to form the outline of the state of California. The background is a light green color with a faint grid pattern. The text is overlaid on the puzzle pieces.

**2016-17 GOVERNOR'S BUDGET
PROPOSAL
FOR
CALIFORNIA COMMUNITY COLLEGES
MAY REVISION
AND
ENROLLMENT GROWTH UPDATE**

Released May 13, 2016
Presented May 18, 2016

2015-16 Growth Update

| Description | 3.83% Constrained Growth, Per Per P1 Apportionment April 2016 | | |
|-------------|---|--------------|---|
| | Growth Formula Percent | Total Amount | Estimated Number of FTES (At Credit Rate) |

2015-16 ESTIMATED GROWTH:

| | | | |
|--|--------------|---------------------|--------------|
| 2015-16 Estimated Growth <u>at Cap</u> | 3.83% | \$ 5,061,412 | 1,072 |
| 2015-16 Estimated Growth | 3.75% | \$ 4,949,081 | 1048* |
| 2015-16 Estimated Growth | 2.85% | \$ 3,767,645 | 798 |
| 2015-16 Estimated Growth | 2.00% | \$ 2,643,034 | 560 |
| 2015-16 Estimated Growth | 1.00% | \$ 1,321,517 | 280 |

Compared to Funded FTES of 2014-15 Recalc April 2016 and 2015-16 P2 320 Report:

| | Credit | Noncredit | CDCP | Total |
|------------------------------|--------|-----------|-------|--------------|
| 2014-15 Recalc P1 April 2016 | 24,281 | 1,802 | 4,186 | 30,269 |
| 2015-16 P2 320 | 24,854 | 1,641 | 4,572 | 31,067 |
| Subtotal | 573 | (161) | 386 | 798 |
| | | | | 250 |
| Total | | | | 1,048 |

* Includes Summer 2016 Projected Growth for CED

Introduction

- Governor's May Revision Message is Careful Planning and Fiscal Restraint in Light of a Slow-Growth Economy.
- The State's Projections do not Assume a Recession, but do Assume that Proposition 30 Temporary Taxes Expire. Under These Assumptions, the State Forecasts Large Deficits, Which Will Grow Even Higher if a Recession Should Develop.
- The Proposition 98 Funding Increased Slightly Over the January proposal. The May Revision Proposes that Proposition 98 Adjustments for 2014-15, 2015-16 and 2016-17 combined total \$626 Million.

Budget Highlights

Ongoing – Unrestricted Fund

- \$114.7 Million (2%) Growth.
 - For Mt. SAC Approximately \$2.7 Million
- No Cost-of-Living Adjustment (COLA), as Compared with the Estimated 0.47% in January.
 - No COLA for Categorical Programs.
- \$75 Million for a Base Apportionment Increase (Which was not Proposed in January). Could be Utilized for the Escalating Operational Costs and STRS and PERS Increases.
 - For Mt. SAC Approximately \$2.0 Million

Budget Highlights

Categorical/Restricted Funds

- \$30 Million in Ongoing Funding for Basic Skills Innovation Categorical Program to Incentivize and Support Colleges that Successfully Implement Research-Based Practices that Transition Students from Basic Skills to College-level Programs.
- \$200 Million for Strong Workforce Program to Improve and Expand Access to Additional Career Technical Education (CTE) Courses and Implement a Regional Accountability Structure. Split 60% to Colleges and 40% to Regions. Of the 60% Going to Colleges, 40% is for One-Time Purposes for Program Implementation; the Remaining Funds are for Ongoing Purposes.
- \$48 Million In Ongoing Funding for CTE Pathways Program.
- \$2.3 Million for Equal Employment Opportunity.
 - For Mt. SAC Approximately \$62,177

Budget Highlights

One-Time Funds

- \$105.5 Million for Mandate Reimbursements, as Compared with the \$76.3 Million in January. The Governor Recognizes the Fiscal Challenges of Funding STRS and PERS. Could be Utilized for STRS and PERS.
 - For Mt. SAC Approximately \$2.8 Million
- \$219.4 Million for Physical Plant and Instructional Support. Down from \$289.5 Million in January. No Local Match Required.
 - For Mt. SAC Approximately \$5.9 Million
 - Hopefully, the State will Provide Two Years to Expense These Funds.
- \$49.3 Million for Proposition 39 Energy Efficient Projects.
 - For Mt. SAC Approximately \$1.2 million
- \$38.6 Million Increase in One-Time Funding for an Anticipated Shortfall of the 2015-16 Property Taxes.

Other Statewide Budget Highlights

- \$8 Million in Ongoing Funding and \$7 Million in One-Time Funding for the TTIP Program to Expand Broadband Capacity Across the Community Colleges Campuses.
- \$25 Million in One-Time Funding for Innovation Awards.
- \$5 Million in One-Time Funding for Zero Textbook Cost Degree.
- \$300,000 for Statewide Academic Senate to Develop, Promote, and Act Upon Policies in Support of Student Success and Workforce.
- \$20 Million in One-Time Funding for Online Education Initiative to Support the Development of Courses in the Online Course Exchange.
- \$5 Million Increase in One-Time Funding for Adult Education Technical Assistance.

Other Budget Issues

- OPEB Trust
 - Retirees' Health Premiums - \$4.5 Million - Paid from the Interest Earned in the OPEB Trust.
 - Retirees' Health Premiums - \$2.5 Million – Paid from the Unrestricted General Fund.
 - OPEB Trust Balance as April 30, 2016 \$68.8 Million.
- STRS Increases
 - “Employer Share” Rate will Increase from 10.73% to 12.58% in 2016-17 for a Total of \$1.7 Million, and will be at 19.10% in 2020-21.
- PERS Increases
 - “Employer Share” Rate will Increase from 11.847% to 13.888 % in 2016-17 for a Total of \$1.1 Million, and will be at 19.8% in 2020-21.
- The 2016-17 May Revision Provides an Augmentation of \$75 Million, which is a Clear Recognition of the Substantial Fiscal Challenges that the District Faces in Coming Years due to Escalating Operational Costs, STRS and PERS increases, and OPEB Liabilities.
- Proposition 30 is Temporary (\$24.7 Million for Mt. SAC in 2015-16).
 - Sales Tax Increase Terminates at the end of 2016.
 - Income Tax Increase Terminates at the end of 2018.

Questions





MT. SAN ANTONIO COLLEGE

DATE: May 17, 2016

TO: College Committees and Selected College Programs

FROM: Bill Scroggins, Ph.D., President/CEO

SUBJECT: **PLANNING FOR 2015-16 (NEW PROCEDURES)**

The President’s Advisory Council (PAC) seeks to maintain a systematic mechanism for documenting and reviewing the important work taking place at committee and program levels. We want to reflect this work in our reporting of institutional effectiveness. As a result, we are asking that each committee use the college-wide goals and complete the following:

- Committee Goal and Progress Report. Use the attached template to *document the goals and accomplishments* that your committee/program works on this year. You will note the first Goal has been completed for you. To comply with Accreditation Standards, your college committee website needs to be maintained and kept up to date. The Council is encouraging your group to be thoughtful with its goals. The College continues to use its goals and College mission to drive its planning. The attached goals have been reviewed and approved by the Institutional Effectiveness Committee (IEC), PAC, the College President, and the Board of Trustees.
- Annual Review of College Committees (Purpose and Function Statement). Your committee’s 2014-15 PAC-approved Purpose and Function Statement can be found on the committees’ webpage at www.mtsac.edu/governance/committees/index.html. Please make changes directly to this file using strikethroughs for deletions and bold and underlines for additions. The purpose, function, and membership of a council/committee cannot be changed without approval by the President’s Advisory Council. If your council/committee believes that changes are warranted, they need to be recommended during this annual review process. As a reminder, if you need to change your purpose and function statements, or add/delete members to your committee, Senate committees must have Senate approval before the request is made through the President’s Advisory Council.

Once you have completed these tasks, please communicate them electronically to PAC [send to Carol Nelson (cnelson@mtsac.edu) and the manager responsible for the program or respective council] using the attached templates. Please see the due dates below.

| Form | Due Date |
|---|-----------|
| Committee Goal and Progress Report – Columns 1, 2, and 3 | June 1 |
| Annual Review of College Committees (Purpose and Function Statement Review) | October 1 |

Strategic Plan Goals 2015-16

1. The College will prepare students for success through the development and support of exemplary programs and services.
2. The College will improve career/vocational training opportunities to help students maintain professional currency and achieve individual goals.
3. The College will utilize student learning outcome and placement assessment data to guide planning, curriculum design, pedagogy, and/or decision-making at the department/unit and institutional levels.
4. The College will increase access for students by strengthening recruitment opportunities for full participation in college programs and services.
5. Student entering credit programs of study will be ready for college level academic achievement. (NEW)
6. The College will ensure that curricular, articulation, and counseling efforts are aligned to maximize students' successful university transfer.
7. The College will secure funding that supports exemplary programs and services.
8. The College will utilize technology to improve operational efficiency and effectiveness and maintain state-of-the-art technology in instructional and support program.
9. The College will provide opportunities for increased diversity and equity for all across campus.
10. The College will encourage and support participation in professional development to strengthen programs and services.
11. The College will provide facilities and infrastructure that support exemplary programs and the health and safety of the campus community.
12. The College will utilize existing resources and improve operational processes to maximize efficiency of existing resources and to maintain necessary services and programs.
13. The College will improve the quality of its partnerships with business and industry, the community, and other educational institutions.
14. The College will improve the effectiveness and consistency of dialogue between and among departments, committees, teams, and employee groups across the campus.



Committee Goal and Progress Report 2015-16

Committee name: _____

Name of person completing the report: _____

Instructions: By June 1, 2016: Complete Columns 1, 2, and 3 and submit electronically to cnelson@mtsac.edu (on behalf of the President's Advisory Council).

(EXPAND AS NECESSARY)

| Committee Goal | Link to College Goal # | Completed Outcomes/Accomplishments (descriptive bullet list) |
|---|------------------------|---|
| GOAL # 1: Committee website up-to-date | 6, 11, 15 | |
| GOAL #2: | | |
| GOAL #3: | | |