

BUDGET COMMITTEE

MEETING AGENDA

March 8, 2017

1:00 p.m.



Location: President's Conference Room

Time: 1:00 p.m. – 2:30 p.m.

Committee Members:

Bill Scroggins, Acting Chair
for Mike Gregoryk, Chair
Martin Ramey, Co-Chair
Irene Malmgren
Audrey Yamagata-Noji
Gary Nellesen

Rosa Royce
Mark Fernandez
Mauricio Goncalves
Ruben Flores
Michael Sanetrick
Lance Heard
Lisa Romo

Brian Moon (Student)
Israel Garcia (Student)
Steven Garcia (Guest)

Kerry Martinez (Notes)
Yadira Santiago (Notes)

AGENDA ITEMS:

- 1. Agenda Check**
- 2. Review the Budget Committee Meeting Summary of December 7, 2016**
- 3. 2017-18 Governor's January Proposal**
- 4. 2015-16 Apportionment Recalculation and 2016-17 Apportionment P1 - Update**
- 5. New Resources Allocation – Phase 7**
- 6. Actuarial Valuation Contract – Update**
- 7. Budget Development Process**

**Mt. San Antonio College
Budget Committee Summary of
March 8, 2017**

Committee Members:

- | | | | |
|---|--|---|--|
| <input checked="" type="checkbox"/> Bill Scroggins, Acting Chair for
<input checked="" type="checkbox"/> Mike Gregoryk, Chair
<input checked="" type="checkbox"/> Martin Ramey, Co-Chair
<input checked="" type="checkbox"/> Joumana McGowan in
attendance for Irene Malmgren
<input checked="" type="checkbox"/> Audrey Yamagata-Noji | <input checked="" type="checkbox"/> Michael Sanetrick
<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"/> Brian Moon (Student)
<input checked="" type="checkbox"/> Israel Garcia(Student)
<input type="checkbox"/> Ruben Flores
<input checked="" type="checkbox"/> Gary Nellesen
<input type="checkbox"/> Mauricio Goncalves | <input type="checkbox"/>
<input type="checkbox"/>
<input checked="" type="checkbox"/> Yadira Santiago (Notes)
<input checked="" type="checkbox"/> Kerry Martinez (Notes)
<input checked="" type="checkbox"/> Steven Garcia (Guest) |
|---|--|---|--|

ITEM	DISCUSSION/COMMENTS	ACTION/OUTCOME
1. Agenda Check		Agenda approved as submitted.
2. Review the Budget Committee Meeting Summary of December 7, 2016	<p>The Budget Committee Meeting Summary of December 7, 2016 was reviewed and approved with two corrections.</p> <p>“Mark suggested that we provide four calendar suggestions/options and the monetary impact of each. There was a concern about the lack of time between the two sessions and how this would affect Student Services.” Add – Mark expressed a concern that was brought forth by the Classified Staff in regards to Spring and Summer sessions, Mark is concerned about the impact on students; three days is not enough for the turnaround. This was also brought up as an issue with the Student Preparation and Success Council, in regards to the Fall to Winter transition. Classified is having a hard time with the three-day turnaround.</p> <p>Dr. Scroggins suggested looking at the common practices that are currently in place in other community colleges. He asked the committee if the “11th week” has been suggested or used at Mt. SAC. The impact was hard to measure in December due to the Portal being down for upgrades.</p> <p>“Mike feels we did not explain it very well. The numbers will be estimates. Census in the Spring will give us the true picture.”</p>	Item 4, Page 7, last two paragraphs to be corrected with sentences noted.

	<p>Revise – Change the word “it” in the last paragraph to be changed to “the value of flexibility.”</p>	
<p>3. 2017-18 Governor’s January Proposal</p>	<p>Dr. Scroggins reviewed with the Budget Committee members the PowerPoint presentation titled 2017 Future Budget Issues Board Study Session January 21, 2017.</p> <p>Highlights of the conversations based off of the presentation discussion:</p> <ul style="list-style-type: none"> • Reviewing the Governor’s Proposed 2017-18 Budget Effects for Mt. SAC’s ongoing funds. • Gary asked – What is the rationale on the percentages in respect to Proposition 98 funding? Dr. Scroggins stated the formula is based on the Governor’s wish to fully fund K-12 and the Community Colleges get whatever is left over. The formula may change once a new governor is elected. • COLA = Cost of Living Adjustment for government expenses. The Proposition 98 guarantee is still there when COLA goes down. If we get both Growth and COLA, Mt. SAC will be looking at earning almost \$4 million. Mt. SAC will still be short in covering the STRS/PERS increase. • Guided Pathways Restricted Funds. • Mark asked why COLA is broken out by program instead of a whole. Audrey said it was historical and Dr. Scroggins added that the increase is due to lobbying groups; strong voices in Sacramento. Rosa stated that this was added maybe 3-4 years ago. In prior years, only the Unrestricted General Fund received COLA, now some categorical programs also receive COLA. • COLA is negotiated across the employee groups. • Mt. SAC has about 2 more years left of the Proposition 39 money. • Mt. SAC practice is to split evenly Physical Plant and Instructional Equipment funds. 	<p>Budget strategy, going forward, will depend on the new Governor.</p>

	<ul style="list-style-type: none"> • The College is waiting on the ruling for the Athletics Complex and Solar Farm. Both are tied because of the dirt leaving from the Sports Complex is to arrive at the Solar Farm. 	
<p>4. 2015-16 Apportionment Recalculation and 2016-17 Apportionment P1 - Update</p>	<p>Rosa reviewed and fully explained the handouts provided in the following order: pages 2, 3, then 1</p> <p>Page 2 – 2015-16 Additional 317 Increase in FTES from the P2 June Apportionment. This is good news because it becomes the Apportionment for the fiscal year 2016-17.</p> <p>Page 3 – 2016-17 Decrease in FTES by 69</p> <p>Page 1 – Status of Apportionment Revenues - \$1.3 million one-time for 2016-17 and \$600,000 for 2017-18.</p>	
<p>5. New Resources Allocation–Phase 7</p>	<p>Dr. Scroggins spoke about the policy with the New Resource Allocations. In the first year, the commitment is considered to be one-time money, and then positions funded by that one-time money are evaluated/reviewed and a decision is made in regards to ongoing funds. Rosa has prepared a report about the positions that were authorized but not yet filled.</p> <p>We have regular turnovers in some positions. These positions will be reviewed and may result in delayed hiring, and delegating work to others if positions cannot be filled.</p> <p>Strong Workforce money needs to be evaluated and needs further analysis. Ongoing money that could be spent over a 3-year period. There are sixteen new programs added that should increase/attract growth and replenish the workforce money going forward. The money to Mt. SAC each year is performance-based.</p> <p>With the Student Services and Success Categorical program, Mt. SAC was ahead of the game in comparison to other community colleges. During the first year we had a bigger share of the pie, but now other colleges have caught up and our share of the pie has decreased.</p>	<p>Cabinet is going to work on putting together a proposal.</p>

	The Quarterly Faculty Position Control Report will be a very important tool to make budget decisions.	
6. Actuarial Valuation Contract – Update	<p>Rosa updated the committee and reported the Actuarial Valuation should be completed sometime in June 2017. The new GASB with new calculations will take more time, and has more requirements for additional data. Rosa is currently working with Human Resources to gather all of the information needed for the calculations.</p> <p>Gary asked if the audit firm could provide the service. Rosa said the report needs to be completed by an Actuarial. Mt. SAC is currently using Total Compensation. Rosa stated it would be a conflict of interest.</p>	
7. Budget Development Process	<p>Rosa reviewed a memorandum regarding the 2017-18 Tentative Budget Development Process, dated March 1, 2017, that went out to all of Mt. SAC’s department Budget Managers.</p> <p>Rosa stated all information on Banner is current and to the minute if anyone is interested in seeing more updated information than the one provided in the Budget and Expenditure Comparative Report.</p> <p>Gary asked if there was an official process for requesting carry-over funds in the General Fund budgets. Rosa said the one-time money automatically carries over along with the encumbrances. Any new department requests for carryovers, as in the past, can be sent to Dr. Scroggins, Mike Gregoryk, and Rosa Royce for review and approval.</p>	

FUTURE AGENDA ITEMS

- Revisit OPEB Contribution recommendation

FUTURE MEETING DATES

- April 5, 2017
- April 19, 2017
- May 3, 2017

Mt. San Antonio College
Budget Committee
Summary of March 8, 2017
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- **May 17, 2017**



Future Budget Issues

Board Study Session

January 21, 2017

TODAY

TOMORROW

FUTURE

Governor's January 2017-18 State Budget Introduction

- State Revenues, Which Had Surged During Several Years of the Recovery, Are Now Beginning to Lag Expectations.
- The Theme for the State Budget is a Broad Recognition of the Increased Risk in Future Years.
- The State Continues to Rely on the Top 1% of Taxpayers Causing Tremendous Revenue Volatility.
- The Governor Reminded Everyone That we Will Face a Recession.
- The Current Economic Recovery is Now the Third Longest on Record.

Governor's January 2017-18 State Budget Introduction

- The Message From the Governor Continues to be the Implementation of Prudent Fiscal Practices That Provide a Balanced Budget While Continuing to Plan and Save for the Future.
- The Proposition 98 Minimum Guarantee is Estimated to Grow to \$73.5 Billion in 2017-18, up from the Current \$71.4 Billion in the 2016-17 Fiscal Year.
- The Proposition 98 Share for the 2017-18 Fiscal Year is 10.87% (Down From 10.93% in Past Years), Which is Approximately \$45 Million less Than What Traditionally Would be Expected.

Governor's January 2017-18 State Budget Proposal and the Effects for Mt. SAC's Ongoing Funds

- \$79.3 Million (1.34%) for Increased Access/Growth
 - For Mt. SAC Approximately \$1.9 Million if Growth is Earned
- \$94.1 Million (1.48%) Cost-of-Living Adjustment (COLA)
 - For Mt. SAC Approximately \$2.3 Million
- \$23.6 Million for a Base Increase to Cover Increasing Operating Costs, Largely Due to Rising Employer Pension Cost
 - For Mt. SAC Approximately \$0.6 Million
 - The Pension Costs (STRS and PERS) for Mt. SAC is Estimated at \$2.8 Million for 2017-18

2017-18 Categorical Funds

- \$150 Million in One-time Funds for Implementation of Guided Pathways
 - For Mt. SAC Approximately \$3.7 Million
- \$5.4 Million for a 1.48% COLA for the Apprenticeship, EOPS, DSPS, CalWORKs, and the Child Care Tax Bailout Programs
 - For Mt. SAC Approximately \$78,673
- \$43.7 in One-time Funds for Physical Plant and Instructional Equipment - No Local Match is Required
 - For Mt. SAC Approximately \$1.1 Million
- \$52.3 Million for Proposition 39 for Energy Efficient Projects and Workforce Development
 - For Mt. SAC Approximately \$1.3 Million

CalSTRS and CalPERS Unrestricted General Fund

FISCAL YEAR	STRS				PERS				STRS and PERS	
	CUMULATIVE ANNUAL COST	RATE	RATE INCREASE	TOTAL INCREASE	CUMULATIVE ANNUAL COST	RATE	RATE INCREASE	TOTAL INCREASE	TOTAL CUMULATIVE ANNUAL COST	TOTAL INCREASE
2013-14 ⁽¹⁾	5,280,378	8.25%	-	-	3,559,423	11.442%	-	-	8,839,801	-
2014-15 ⁽¹⁾	5,828,283	8.88%	0.63%	547,905	3,723,289	11.771%	0.329%	163,866	9,551,572	711,771
2015-16 ⁽¹⁾	7,767,510	10.73%	1.85%	1,939,227	4,137,528	11.847%	0.076%	414,239	11,905,038	2,353,466
2016-17	9,653,473	12.58%	1.85%	1,885,963	5,258,495	13.888%	2.041%	1,120,967	14,911,968	3,006,930
2017-18	11,320,827	14.43%	1.85%	1,667,354	6,359,320	15.800%	1.912%	1,100,825	17,680,147	2,768,179
2018-19	12,774,686	16.28%	1.85%	1,453,859	7,526,941	18.700%	2.900%	1,167,621	20,301,627	2,621,480
2019-20	14,226,354	18.13%	1.85%	1,451,669	8,694,221	21.600%	2.900%	1,167,280	22,920,575	2,618,948
2020-21	14,987,500	19.10%	0.97%	761,145	10,022,505	24.900%	3.300%	1,328,284	25,010,004	2,089,429
2021-22		(2)			10,626,270	26.400%	1.500%	603,765	10,626,270	603,765
2022-23		(2)			11,028,780	27.400%	1.000%	402,510	11,028,780	402,510
2023-24		(2)			11,350,788	28.200%	0.800%	322,008	11,350,788	322,008
TOTAL				\$9,707,122				\$ 7,791,365		\$17,498,487

(1) Actual Expenditures

(2) Rates Not Available

CalSTRS and CalPERS Unrestricted General Fund Based on Cumulative Annual Cost



CalSTRS and CalPERS Trust

- In 2015-16 the College Made a Contribution of \$4,000,000
- In 2016-17 the College Made a Contribution of \$4,000,000
- The Trust Balance as of December 31, 2016 is:
 - Book Value \$ 8,067,526

Retirees Health Benefits Terminology

OPEB Benefits – Other Postemployment Benefits. Generally Medical, Dental, Life Insurance, etc. Does not Include Pension Benefits.

Actuarial Accrued Liability – The Amount of the Actuarial Present Value of Total Projected Benefits Attributable to Employees' Past Service Based on the Actuarial Cost Method Used.

Actuarial Value of Assets – The Cash Value of the Investments of the OPEB Trust or Assets Irrevocably Committed to Provide Health Benefits.

Annual OPEB Cost Expense – This is the Amount Employers Must Recognize as an Expense Each Year.

Unfunded Actuarial Accrued Liability – This is the Excess of the Actuarial Accrued Liability over Assets Irrevocably Committed to Provide Retiree Health Benefits.

Retirees Health Benefits Three Year History

Date	Actuarial Accrued Liability	Actuarial Value of Assets (OPEB Trust Balance)	Unfunded Actuarial Accrued Liability	Funding Ratio
3/1/2012	\$120,114,689	\$71,343,707	\$48,770,982	59%
3/1/2014	\$107,412,110	\$72,129,965	\$35,282,145	67%
3/1/2016	\$105,366,963	\$64,896,804	\$40,474,159	62%

Retirees Health Benefits

Three Year Contribution and Premiums and Estimated Contribution and Premiums for 2016-17

Fiscal Year	Annual OPEB Cost Expense	Retirees Health Premiums Paid from OPEB Trust	District Contribution
2013-14	\$6,695,655	\$3,999,809	\$0
2014-15	\$6,705,089	\$3,790,007	\$2,500,000
2015-16	\$6,889,039	\$3,931,388	\$2,500,000
2016-17 Est.	\$6,889,039	\$3,931,388	\$2,500,000

Instructional Equipment & Scheduled Maintenance

Fiscal Year	Instructional Equipment	Scheduled Maintenance
2013-14	\$370,690	\$370,695
2014-15	\$1,959,851	\$1,959,851
2015-16	\$2,026,646	\$2,026,646
2016-17	\$2,502,496	\$2,502,497
2017-18 Est. January Proposal	\$550,000	\$550,000
15 Year expected Scheduled Maintenance Costs *	?	\$48,000,000

* To Avoid Equipment Failures, between \$2 to \$3 million is needed per year.

Bond Anticipation Notes (BAN) Issuance

5 Year Short –Term Debt

- The College needs to Issue BANs for :
 - Remaining Contract Amount for the Business Project
 - Begin the Athletics Complex Project
 - Fund the Design Costs for the Campus Center
 - Several Local Scheduled Maintenance and Campus Wide Improvements
- Measure RR Balance as of Today is \$115.7 Million
- The College May Conservatively Issue \$90 million in BANs this Year 2017
- These \$90 million in BANs Will be Paid off in Year 2022 with a Fairly Conservatively Assessed Valuation Growth
- Assessed Value (AV) Projections of 5% for FY 2017-18, 4.9% for FY 2018-19, 4.75% for FY 2019-20, and 4% Thereafter
- The College will be able to Sell Bonds in 2022 and Pay off the BANs
- This Will Leave \$25.7 Million in Bonds to be Issued at a Later Time.

No Augmentation for Student Success and Support Program (SSSP), Student Equity, Adult Education, and Strong Workforce Programs

Categorical Program	Permanent Ongoing Salaries Budget	Operational Budget	Total Budget Allocation 2016-17	1.48% COLA Applied to Total Budget
SSSP Credit	\$3,976,620	\$1,170,995	\$5,147,615	\$76,184
SSSP Noncredit	\$1,334,176	\$503,555	\$1,837,731	\$27,198
Student Equity	\$1,379,425	\$2,112,775	\$3,492,200	\$51,685
Adult Education Block Grant – District Share	\$74,917	\$645,926	\$720,843	\$10,668
Strong Workforce Program	TBD	TBD	\$2,493,730	\$36,907
Total				\$202,642

2016-17 Adopted Budget for all Funds

FUND DESCRIPTION	EXPENDITURE	FUND BALANCE	TOTAL
Unrestricted General Fund	\$ 200,867,566	\$ 20,756,787	\$221,624,353
Restricted General Fund	51,777,824	174,180	51,952,004
Child Development Fund	1,845,547	686,265	2,531,812
Farm Operations Fund	268,800	208,879	477,679
Student Health Services Fund	1,532,898	649,148	2,182,046
Capital Outlay Projects Fund	26,964,522	5,165,661	32,130,183
Bond Construction Fund	61,470,537	1,351,785	62,822,322
Associated Students Trust Fund	506,246	2,189,367	2,695,613
Student Representation Fee Trust Fund	26,459	60,598	87,057
Student Financial Aid Trust Fund	54,577,640	2,827	54,580,467
Scholarship and Loan Trust Fund	909,522	-	909,522
Other Trust Funds	452,264	1,041,497	1,493,761
TOTAL	\$ 401,199,825	\$ 32,286,994	\$433,486,819

Future Considerations

- Lack of Sufficient COLA for Ongoing Expenditures.
- Lack of COLA for Categorical Programs Such as Student Success and Support, Student Equity, Adult Education, and Strong Workforce programs.
- Reduced Growth Funds.
- Reduction in Physical Plant and Instructional Equipment Funds.
- Absence of One-time Discretionary Funds.
- Unprecedented Uncertainties Regarding Federal Fiscal Policy Changes Due to the New Administration That Could Affect the State Budget, including the Affordable Care Act.

Future Considerations

- Concerns with a potential recession and the volatility of State Revenues. The Rainy Day Fund Will not be Sufficient to Cover the Budget Deficits in Out Years.
- Support the Advocacy Efforts to Correct the Proposition 98 Split From 10.87% to \$10.93% to Recover the \$45 million for the Community College System.
- Support the Advocacy Efforts to Obtain a Larger Base Increase to Fund Pension Costs Such as CalPERS and CalSTRS.
- Maintain Unrestricted General Fund Balance (Reserves) at not less than 10% of Total Expenditures - Board Policy (BP) 6250
 - 10% of \$200,867,566, Which is \$20,086,757 (Per 2016-17 Adopted Budget).

Questions



Status of Apportionment Revenues

(March 2, 2017)

			Available for Budgeting in FY 2016-17	Available for Budgeting in FY 2017-18	
			One-Time	One-Time	Ongoing
<u>2015-16 Apportionment:</u>					
2015-16 Growth					
2015-16 Total Growth Final	\$5,564,914				
Less: 2015-16 Growth Received with P2 June 2016 and included in the Adopted 2016-17	(4,072,418)	1,492,496			
Less: 2015-16 Growth - Additional Projected 211 FTEs included in the 2016-17 Adopted Budget	(988,994)				
2015-16 Growth Not Included in the Adopted Budget	503,502		1,007,004	-	503,502
* Since the funds are for 2015-16, but are being paid in 2016-17 we will receive the ongoing and one-time funds as one-time funds in 2016-17.					
2015-16 Other Apportionment Revenues					
Additional Funds for Faculty Hiring, Increase to Base Allocation, and Adj.	133,851	133,851	267,702	-	133,851
Additional 2015-16 Apportionment		1,626,347			
Total 2015-16 Apportionment Available for Budgeting			\$1,274,706	\$0	\$637,353
<u>2016-17 Apportionment:</u>					
2016-17 Growth					
2016-17 Estimated Growth (Per P1 FTEs decreased by 69)	\$0				
Less: 2016-17 Growth Budgeted (The Maximum if Earned is \$3,174,787. This Growth was not included in the 2016-17 Adopted Budget)	-				
2016-17 Other Apportionment Revenues					
Additional Funds for Increase to Base Allocation	18,433	18,433	18,433		18,433
2016-17 Apportionment Deficit - Estimated at 1.22% (P1 February 2017)					
2016-17 Estimated Apportionment Deficit per P1, February 2017 at 1.22%	(\$1,977,801)				
Less: 2016-17 Apportionment Deficit included in the 2016-17 Adopted Budget	(806,086)				
	(1,171,715)		(1,171,715)		
Additional 2016-17 Apportionment		18,433			
Total 2016-17 Apportionment Available for Budgeting			(\$1,153,282)	\$0	\$18,433

2015-16 GROWTH AND TOTAL APPORTIONMENT

(March 2, 2017)

Description	Per Apportionment Recalc February 2017				
	Growth Formula Percent	Total Amount	Increase in Dollars	Estimated Number of FTES	Increase in FTES
2015-16 Growth <u>Final - February 2017</u>	3.83%	\$ 5,564,914		1,115	
2015-16 Estimated Growth <u>at Cap - Adopted Budget 2016-17 - September 2016</u>	3.83%	\$ 5,061,412	\$1,492,496	1,009	317
2015-16 Estimated Growth - P2 - June 2016	2.91%	\$ 4,072,418		798	

Comparison of Funded FTES of 2014-15 Recalc April 2016 (Base) and 2015-16 Recal:

	Credit	Noncredit	CDCP	Total	
2015-16 Base Funded FTES (From Final 2014-15 Recalc April 2016)	24,281	1,802	4,186	30,269	
2015-16 Final Funded FTES (From Recalc February 2017)	25,096	1,645	4,643	31,384	
Total Increase in FTES	815	(157)	457	1,115	3.68%

Total 2015-16 Apportionment:	P2 June 2016	Recalc February 2017	Additional Funds
Base Apportionment	143,847,079	143,847,045	(34)
COLA	1,467,240	1,467,240	-
Growth	4,072,418	5,564,914	1,492,496
Faculty Hiring/Increase to Base Allocation	8,809,265	8,943,150	133,885
Total	\$158,196,002	\$159,822,349	\$1,626,347 (1)

(1) \$988,994 was already included in the 2016-17 Adopted Budget as a One-Time and Ongoing Revenues.

2016-17 ESTIMATED GROWTH AND TOTAL APPORTIONMENT

(March 2, 2017)

Description	Per Apportionment Recalc February 2017					
	Growth Formula Percent	Total Amount	Increase in Dollars	Estimated Number of FTES	Increase in FTES	Percent Increase in FTES
2016-17 Growth Final - February 2018	2.09%	?		?		
2016-17 Estimated Growth at Cap - Adopted Budget 2017-18 - September 2017	2.09%	?		?		
2016-17 Estimated Growth - P2 - June 2017	2.09%	?		?		
2016-17 Estimated Growth - P1 - February 2017	0.00%	\$ -		(69)		

Comparison of Funded FTES of 2015-16 Recalc February 2017 (Base) and 2016-17 P1:

	Credit	Noncredit	CDCP	Total	
2016-17 Base Funded FTES (From Final 2015-16 Recalc February 2017)	25,096	1,645	4,643	31,384	
2016-17 Estimated Funded FTES (From P1 February 2017)	24,834	2,724	3,757	31,315	
Total Increase in FTES	(262)	1,079	(886)	(69)	-0.22%

Total 2016-17 Apportionment:	P1 February 2017	Included in 2016-17 Adopted	Difference
Base Apportionment	159,822,349	159,184,996 (1)	637,353
COLA is Zero	-	-	-
Growth (If Earned, Maximum is \$3,174,787)	-	-	-
Increase to Base Allocation	2,044,591	2,026,158	18,433
Total	\$161,866,940	\$161,211,154	\$655,786
Less - Apportionment Deficit at 1.22%	(\$1,977,801)	(\$806,086)	(1,171,715)
	\$159,889,139	\$160,405,068	(\$515,929)

(1) \$988,994 was already included in the 2016-17 Adopted Budget on Ongoing Basis



To: All Department Budget Managers

From: Rosa M. Royce
Chief Compliance and College Budget Officer

Date: March 1, 2017

Subject: **2017-18 Tentative Budget Development (Read Carefully)**

In accordance with the budget review and development processes, and to ensure budgets are reviewed on a regular basis, a comprehensive review of all of the Status Quo Budgets is recommended with the goal of aligning the College's budget with actual expenditures. It is necessary that we collectively work together to review our departmental budgets versus expenditures to determine if any funds are available for reallocation to other department budgets or college needs.

In addition to the *Status Quo Budget Template* files, the Fiscal Services department is sending a *Budget and Expenditure Comparative Report* for fiscal years 2014-15, 2015-16 and 2016-17, *2017-18 Status Quo Budget Reallocation Form*, and *2016-17 Positive Budget Balance Explanation Form*. These documents have been developed to facilitate the analysis of budget areas that may need to be realigned with actual expenditures, reallocate budgets to other departments, or justify a positive budget balance that was unused at year-end. The guidelines on how to use these documents are explained later on in this memo.

New Resources Allocation

The 2017-18 New Resources Allocation process will be announced at a later time, if funds are available.

2017-18 Tentative Budget

The **2017-18 Tentative Budget** will include:

- Personnel changes approved by the Board of Trustees through January 11, 2017. Personnel changes approved after January 11, 2017 through June 30, 2017 will be updated by Fiscal Services and reflected in the 2017-18 Adopted Budget.
- 1.00% ongoing salary increase effective July 1, 2016 for Faculty, Managers, Confidential, Supervisors, CSEA 262 and CSEA 651.
- Health and welfare increase effective July 1, 2016 for Faculty, Managers, Confidential, Supervisors, CSEA 262 and CSEA 651.
- Budgeted amounts for personnel changes, including employee step and longevity increases that will be effective in 2017-18.
- Approved rate-driven increases through February 28, 2017.

- Ongoing budget allocations for the 2015-16 New Resources Allocation Phase 4 as approved by President's Cabinet on October 13, 2015.

Status Quo Budget Template Files

Budget Managers will receive one or more *2017-18 Status Quo Budget Template(s)* (Excel files). These templates have been developed by "Org" or by "Fund." Templates developed by "Org" are for department budgets within the Unrestricted General Fund 11. Templates developed by "Fund" are for Grants and Categorical Programs. In both cases, the templates include tabs for each budget. The tabs are located at the bottom of the spreadsheet and include the words "Org" or "Fund" followed by the corresponding code.

All Funds except "Grants and Categorical Programs (Fund 17)"

Please **do not** include any new budget increases or budget reductions on the *2017-18 Status Quo Budget Template*. If the budget is increased in one department (Org), it needs to be decreased in another department (Org). This process is more for realigning your status quo budget to what your anticipated expenditure needs are for 2017-18. This process will save Budget Managers from having to submit budget transfers, which will expedite your purchases.

Grants and Categorical Programs (Fund 17)

Budget line items for Grants and Categorical Programs may be increased or decreased with proper supporting documentation that reflects the total funding allocation. However, sufficient budget must be provided for all the permanent employees. Since the final funding allocation may not be known when the budget is submitted, please provide your best estimate. Fiscal Services will continue working with the Grant and Categorical Program Budget Managers as updated information becomes available.

Step 1 - Guidelines for using the Status Quo Budget Template File

Please complete the following steps to assist us with the preparation of the 2017-18 Adopted Budget:

1. Departments and/or units should review the **Status Quo Budget 2017-18** column, which reflects the "ongoing" budget allocation at the present time, for any needed transfers to other accounts.
2. Reflect all budget changes based on your anticipated expenditure plans for 2017-18 in the **Budget Changes 2017-18** column. Changes can only be made in **cells highlighted in yellow**. Cells for permanent salaries and benefits have been protected, as Fiscal Services is responsible for updating these budgets. Please include an explanation in the **Comments** section if the budget is increased in one department (Org), and decreased in another department (Org).
3. After making your revisions to the **Budget Changes 2017-18** column, the **Revised Status Quo Budget 2017-18** column will automatically reflect the new total amount that will be included in the Tentative Budget.

4. If you need to add new accounts, please list them at the bottom of the *budget template* in the **Add Additional Accounts** section. Any additional comments can be made in the **Comments** section.

Budget and Expenditure Comparative Report Review

Please use the *Budget and Expenditure Comparative Report* to facilitate the analysis of budget areas that may need to be realigned with actual expenditures. This report includes ongoing budget and expenditure account information for the Unrestricted General Fund 11. The budget and actuals for fiscal years 2014-15 and 2015-16 are final numbers.

Information for 2016-17 fiscal year includes budgets, commitments (requisitions, purchase orders and purchase order change notices with Accounting approval), and balances as of February 27, 2017. The history of each account is presented in chronological order. For updated information on account balances, please access the form FGIBDST (Organization Budget Status) in the Banner System.

Step 2 - Status Quo Budget Reallocation Form

Once you have completed the *Status Quo Budget Template* and aligned your budgets to your expenditures history or have adjusted for anticipated expenditures, then complete the *Status Quo Budget Reallocation Form*. The file for this form contains two tabs at the bottom. The first tab is a sample on how to complete the form and the second tab is the blank form for you to complete.

If you **do not** have budgets that can be utilized by other departments or college needs, you must complete the *Positive Budget Balance Explanation Form*.

Step 3 - Positive Budget Balance Explanation Form (Mandatory)

Using the *Budget and Expenditure Comparative Report* as a reference, if you have any accounts that have historically ended the fiscal year with a positive balance and you are unable to reallocate this budget, you **MUST** complete the *Positive Budget Balance Explanation Form* to provide an explanation as to why a particular budget cannot be reallocated. The completion of this form is **mandatory** for all departments. The file for this form contains two tabs at the bottom. The first tab is a sample on how to complete the form and the second tab is the blank form for you to complete.

Step 4 - Routing of Completed Forms (Files) - Status Quo Budget Template, Status Quo Budget Reallocation Form, and Positive Budget Balance Explanation Form:

Please follow the specified approval routing and timelines below:

1. **Departments:** Once departments complete the changes, **save the files** to your hard drive; then forward the saved files via e-mail to the appropriate Dean/Director no later than **Wednesday, March 15, 2017**.
2. **Deans/Directors:** Once Deans/Directors complete the review and changes, **save the files** to your hard drive; then forward the saved files via e-mail to the appropriate Vice President or President no later than **Tuesday, March 28, 2017**.

3. The Vice President or President should review, and forward each file to budgetdevelopment@mtsac.edu, no later than **Tuesday, April 11, 2017**. No hard copies with signatures are required to be sent to Fiscal Services. We will know they have been reviewed and approved once we receive the file from the Vice Presidents or President.

Rate-Driven Increase Request

If your department or unit has a need for a budget increase which is mandated and out of the department's/unit's control, this type of budget increase is considered a "rate-driven increase". Some examples of rate-driven increases include increased costs in equipment maintenance agreements, institutional memberships, insurances, and utilities. Please complete the attached *Rate-Driven Increase Request Form* and forward the original approved form with supporting documentation to Rosa Royce.

Approval Queues

If your departments are planning to restructure or reorganize budgets for the 2017-18 fiscal year, this **will require changes to budget and expenditure approval responsibility**, please send your request to Rosa Royce at royce@mtsac.edu no later than **April 30, 2017**.

Budget Committee Review

Once the *Status Quo Budget Review* has been completed, President's Cabinet will review the *Budget and Expenditure Comparative Report*, the *Status Quo Budget Reallocation Form* and the *Positive Budget Balance Explanation Form* turned in for each Org.

2017-18 Tentative Budget and Adopted Budget

Fiscal Services will review the *Status Quo Budget Template* files and include appropriate changes in the Tentative Budget to be approved by the Board of Trustees on June 28, 2017. These changes will also be included in the Adopted Budget to be approved on September 13, 2017. Once the final budget has been adopted by the Board of Trustees, the budgets will be updated in Banner. Effective with the approval of the Adopted Budget, purchase requisitions will be returned to the requisitioner if there is insufficient budget to cover the purchase.

Thank you for your cooperation with this budget process. Your feedback is appreciated. If you have any questions or need assistance, please contact me at ext. 5530, Myeshia Armstrong at ext. 5517, Marisa Ziegenhohn at ext. 6445, Christine Lam at ext. 5428, and Melanie Lazo at ext. 5388.