

BUDGET COMMITTEE

MEETING AGENDA

May 21, 2014

3:00 p.m.



Location: Building 4, Conference Rm. #2460

Time: 3:00 p.m. – 4:30 p.m.

Committee Members:

Mike Gregoryk, Chair
Rosa Royce, Co-Chair
Irene Malmgren
Audrey Yamagata-Noji

Mark Fernandez
Martin Ramey
Michelle Sampat
Richard McGowan

Johnny Jauregui
Edmond Xiong (Student)
Fernando Aguayo (Student)
Gary Nellesen

Lance Heard
Confidential Vacancy
Bill Scroggins (Guest)
Kerry Martinez (Notes)

AGENDA ITEMS:

1. **Agenda Check**

2. **Review Budget Committee Meeting Summary of May 7, 2014**

3. **Appointment of Faculty Co-Chair – Budget Committee**

4. **Review of May Revise**

5. **Discuss the Issue of Not Budgeting Growth Until Earned**

6. **Review Budget Calendar**

**Mt. San Antonio College
Budget Committee
Summary of May 21, 2014**

| Committee Members: | | |
|--|--|---|
| <input checked="" type="checkbox"/> Mike Gregoryk, Chair <input type="checkbox"/> Rosa Royce, Co-Chair <input type="checkbox"/> Irene Malmgren <input type="checkbox"/> Audrey Yamagata-Noji | <input checked="" type="checkbox"/> Michelle Sampat <input checked="" type="checkbox"/> Martin Ramey <input checked="" type="checkbox"/> Mark Fernandez <input checked="" type="checkbox"/> Richard McGowan | |
| <input type="checkbox"/> Edmond Xiong (Student) <input type="checkbox"/> Fernando Aguayo (Student) <input type="checkbox"/> Johnny Jauregui <input checked="" type="checkbox"/> Gary Nellesen | <input type="checkbox"/> Lance Heard <input type="checkbox"/> Bill Scroggins (Guest) <input checked="" type="checkbox"/> Kerry Martinez (Notes) | |
| ITEM | DISCUSSION/COMMENTS | ACTION/OUTCOME |
| 1. Agenda Check | | Approved, as presented. |
| 2. Review Budget Committee Meeting Summary of May 7, 2014 | The Budget Committee Meeting Summary of May 7, 2014, was approved, as presented. | Approved, as presented. |
| 3. Appointment of Faculty Co-Chair Budget Committee | Mike Gregoryk stated he was involved in some conversations over the past few weeks about who should be the Co-chair of the Budget Committee. In his conversations with faculty, they considered the faculty's 10+1 which shows that part of their responsibility is the budget process, not the budget itself. It was recommended by the Academic Senate that the Budget Committee appoint a faculty Co-chair. Mike talked to Richard McGowan, Dr. Scroggins, and President's Cabinet whom are all in favor of it. This is considered a mutual agreement. This recommendation has gone to AMAC and has been approved. Richard McGowan was appointed Co-Chair by the Budget Committee, replacing Rosa Royce. Mike stated he and Richard will meet on the Monday before Budget Committee to review the Agenda. The Minutes and Agenda will be sent out to the committee on the Monday afternoon before each meeting. | Richard McGowan was appointed Budget Committee Co-chair |
| 4. Review of May Revise | Mike stated there is not much change from January. Mike reviewed the State Budget Highlights with the committee. The first one was \$50 million for economic and workforce development, which is one-time money. Colleges can apply for this money to come up with a career technical education program. This may be allocated on a grant basis. The next ones are \$42.4 million to offset the decreases in local property tax and student fees, and \$6 million for increased technology infrastructure. There's one that is confusing to everyone which is an increase in the Career Development College Preparation (CDCP). This means that if you're a non-credit college, Mt. SAC is 20% non-credit. Of that 20%, about 60% of that is CDCP. The State wants to increase the rate for what is given for | |

| | |
|---|---|
| | <p>credit. It's unknown how the State will pay for this. Within the State there are about six major colleges that have programs like Mt. SAC's, a lot of them have very small programs. It seems that there will only be about ten colleges that can benefit from this. It's not likely that this will be supported by the colleges that don't benefit from this. If for some reason this happens, Mt. SAC will potentially receive \$3.7 million. Growth in January was 3% and now it's 2.75%. This means \$3.6 million for Mt. SAC if we grow. COLA was changed from .86% to .85%. The dollar amount for COLA is \$1.1 million. There was decrease in the dollar amount for Scheduled Maintenance and Instructional Equipment, from \$175 million to \$148 million; \$3.7 million for Mt. SAC. They allocated the entire amount to Scheduled Maintenance and left none for Instructional Equipment. Mike called the Chancellor's Office and they said they had no documentation on Instructional Equipment. With Scheduled Maintenance there has always been a practice of documenting, but not with Instructional Equipment. Dr. Scroggins informed the Chancellor's Office that Mt. SAC could supply them with an Instructional Equipment Plan fairly quickly but the Department of Finance said no prior documentation, no money. Mike stated he anticipates for the 2014-15 fiscal year; an Instructional Equipment Plan will be required. Mt. SAC will prepare a plan in case the State asks for one. Mike reviewed the items with no changes from January and the proposed reform to CALSTRS.</p> |
| <p>5. Discuss the Issue of Not Budgeting Growth Until Earned</p> | <p>Mike stated this practice has not changed. We are not budgeting growth and spending it until it is earned. Richard asked why it is showing in the Tentative Budget. Mike explained that it shows on the budget but is not spent. This is included in order to be consistent with what shows on P-1. This money is one-time money and becomes ongoing in the following year. Mike explained the process and timing of P-1 and P-2 reporting. He also explained how growth is earned.</p> |
| <p>6. Review Budget Calendar</p> | <p>The Budget Committee members reviewed the updated Budget Development Calendar. Mike stated he and Richard met and he learned that one concern was that the Tentative Budget was not received in time to review it. Mike stated the Tentative Budget is not solvent; it's a good look at the way things are going to be. The Adopted Budget is when plenty of time is given for review. It was suggested that an additional Budget Committee meeting be scheduled in the summer to allow enough time for the review of the Adopted Budget. There was a tentative date set for the review of the Adopted Budget by the Budget Committee on August 20, 2014. This is three weeks prior to the Board meeting and will allow enough time for review.</p> |

Mike will ask Rosa if the Adopted Budget will be ready for review by the Budget Committee on August 20, 2014.

FUTURE AGENDA ITEMS:

- Review 2014-15 Adopted Budget and Prioritized New Resources Allocation Requests
- Continue Review of the Budget Review and Development Process
- Budget Committee Web Page – Documents to be Posted

FUTURE MEETING DATES:

- August 20, 2014 (Tentative)
- September 3, 2014
- September 17, 2014



May 21, 2014

Dear Michael,

Good morning from Santa Rosa, where I'm getting ready to speak to the Association of Chief Business Officials.

Yesterday afternoon the Senate Budget Subcommittee on Education Finance took actions on the higher education budget, including community colleges. In doing so, the committee relied on the higher revenue and Proposition 98 projections by the Legislative Analyst's Office (LAO), as [identified in its report last Friday](#). With Proposition 98 estimates \$313 million more in the current year and \$2.237 billion in the budget year (2014-15), this allowed the Senate committee to include significantly higher expenditure amounts. The Assembly is expected to also include higher spending levels when it deliberates today and tomorrow.

[Here is a chart](#) that reflects the Senate's actions, prepared by League Vice President Theresa Tena.

The Senate's action (and expected similar actions by the Assembly) reflects the great advocacy by our district and state-level advocates.

Of course, it is unlikely that the governor will be willing to accept the LAO's total revenue numbers, as he continues to be wary about fiscal contingencies. We will be encouraging a compromise and hope that some of the additional funding priorities above May Revise identified by the Senate can be included in the final budget deal.

The STRS issue will be handled separately tomorrow by budget subcommittees that oversee state administration.

Thank you for your great advocacy.

Sincerely,

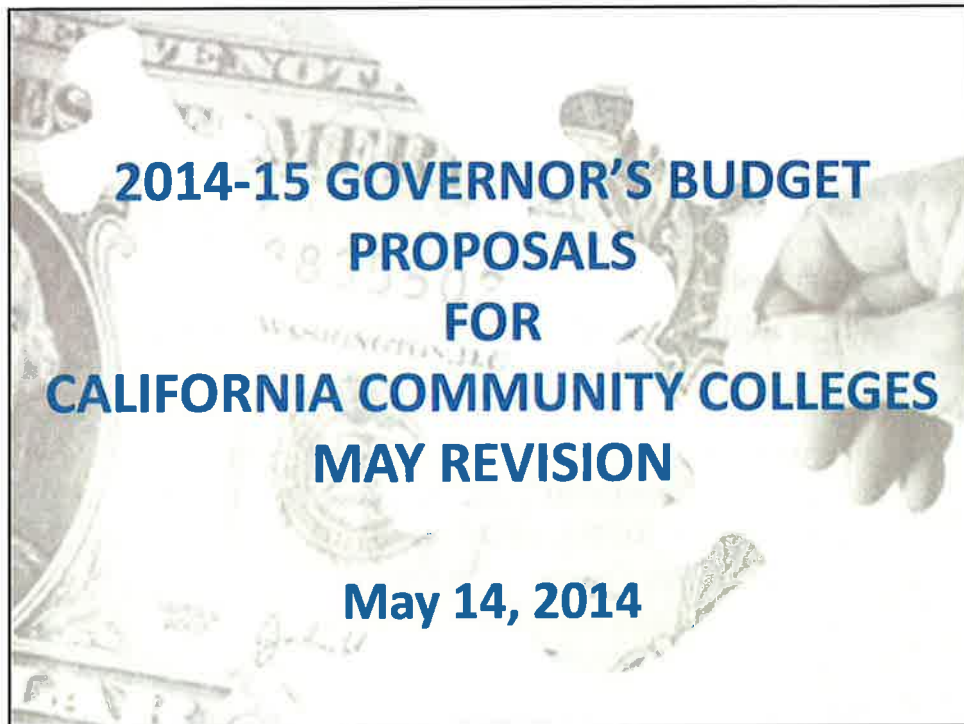
A handwritten signature in black ink, appearing to read "Scott Lay".

Scott Lay
President and Chief Executive Officer, The League
Orange Coast College '94

COMMUNITY COLLEGE LEAGUE OF CALIFORNIA
2007-08 to 2014-15
Proposition 98

5/21/2014 5:50 AM

| BUDGET ITEMS | 2007-08 REVISED BUDGET ACT | 2013-2014 REVISED BUDGET ACT | 2014-15 GOV BUD | 2014-15 MAY REVISE | SENATE 2014-15 | SENATE AUGMENTATIONS OVER MAY REVISE |
|---|----------------------------------|------------------------------------|--------------------|-----------------------|--------------------------|---|
| General Apportionment | | | | | | |
| General Fund Apportionments | 3,079,349 | 1,745,810 | 2,171,839 | 2,153,593 | 2,225,893 ^{1,2} | 72,300 |
| Growth for Apportionments | 106,373 | 89,421 | 155,202 | 140,385 | 140,385 | - |
| | | | | | - | |
| | 3,185,722 | 1,835,231 | 2,327,041 | 2,293,978 | 2,366,278 | 72,300 |
| Categorical Programs | | | | | | |
| Apprenticeship - CCC FLEXED | 15,229 | 7,174 | 7,174 | 7,174 | 15,174 | 8,000 |
| Apprenticeship - K-12 NON-FLEXED | | 15,694 | 15,694 | 15,694 | 20,694 | 5,000 |
| Basic Skills | 33,100 | 20,037 | 20,037 | 20,037 | 25,037 | 5,000 |
| Student Financial Aid Administration | 51,640 | 67,537 | 67,896 | 69,421 | 69,421 | - |
| Disabled Students | 115,011 | 84,223 | 84,223 | 84,223 | 134,223 | 50,000 |
| Special Services for CalWORKs Recipients | 43,580 | 34,545 | 34,545 | 34,545 | 49,545 | 15,000 |
| Foster Care Education Program | 5,242 | 5,254 | 5,254 | 5,254 | 6,254 | 1,000 |
| Matriculation | 101,803 | 99,183 | 301,683 | 301,683 | 301,683 | - |
| Academic Senate for the Community Colleges | 467 | 468 | 468 | 468 | 968 | 500 |
| Equal Employment Opportunity | 1,747 | 767 | 767 | 767 | 767 | - |
| Part-time Faculty Health Insurance | 1,000 | 490 | 490 | 490 | 490 | - |
| Part-time Faculty Compensation | 50,828 | 24,907 | 24,907 | 24,907 | 24,907 | - |
| Part-time Faculty Office Hours | 7,172 | 3,514 | 3,514 | 3,514 | 10,014 | 6,500 |
| Telecommunications and Technology Services | 26,197 | 15,790 | 15,790 | 21,790 | 21,790 | - |
| Economic Development | 40,690 | 22,929 | 22,929 | 72,929 | 82,929 | 10,000 |
| Transfer Education and Articulation | 1,424 | 698 | 698 | 698 | 698 | - |
| Physical Plant, Instructional Equipment | 27,345 | 30,000 | 175,000 | 148,000 | 199,300 | 51,300 |
| Extended Opportunity Programs and Services | 106,786 | 79,273 | 79,273 | 79,273 | 95,377 | 16,104 |
| CARE | 15,505 | 9,332 | 9,332 | 9,332 | 11,228 | 1,896 |
| Fund for Student Success | 6,158 | 3,792 | 3,792 | 3,792 | 3,792 | - |
| Career Technical Education | 10,000 | - | - | - | - | - |
| Childcare Tax Bail Out | 6,836 | 3,350 | 3,350 | 3,350 | 6,750 | 3,400 |
| Nursing Support | 20,957 | 13,378 | 13,378 | 13,378 | 13,378 | - |
| Adult Education | | 25,000 | | | | - |
| Online Ed | | 16,910 | 10,000 | 10,000 | 10,000 | - |
| | | | | | | |
| Categorical Sub-total | 688,717 | 584,245 | 900,194 | 930,719 | 1,104,419 | 173,700 |
| | | | | | | |
| Total 6870-101 Item | 3,874,439 | 2,419,476 | 3,227,235 | 3,224,697 | 3,470,697 | 246,000 |
| | | | | | | |
| General Funds (Fed Funds backed out) | 3,874,439 | 2,419,476 | 3,227,235 | 3,224,697 | 3,470,697 | 246,000 |
| Revenue Bond Debt Service | 63,111 | 63,583 | 63,780 | 64,905 | 64,905 | - |
| FCMAT | 570 | 570 | 570 | 570 | 570 | - |
| Mandates | 4,000 | 33,355 | 33,355 | 33,010 | 33,010 | - |
| Energy Efficiency Projects (Prop 39) | | 47,000 | 39,000 | 39,000 | 39,000 | - |
| Energy Efficiency LOAN (Prop 39) | | 3,000 | 0 | 0 | 0 | - |
| Deferral (SBX4 16 Sec XX) | 200,000 | 730,863 | 187,416 | 107,988 | 107,988 | - |
| Education Protection Act | | 776,704 | 797,275 | 820,076 | 820,076 | - |
| TECH ADJ : NEW DEFERRAL & QEIA | | 48,000 | 48,000 | 48,000 | 48,000 | - |
| P-98 Over Appropriation Shift (SB 1133) | | | | | | - |
| RDA Backfill/Offset | | | | | | - |
| | | | | | | |
| Subtotal General Fund | 4,142,120 | 4,122,551 | 4,396,631 | 4,338,246 | 4,584,246 | 246,000 |
| | | | | | | |
| Local Property Taxes | 1,970,767 | 2,232,000 | 2,326,000 | 2,308,082 | 2,308,082 | - |
| | | | | | | |
| Total Proposition 98 | 6,112,887 | 6,354,551 | 6,722,631 | 6,646,328 | 6,892,328 | 246,000 |
| | | | | | | |
| 1 Includes \$25 M for full-time faculty | | | | | | |
| 2 Includes \$47.3 M for increased COLA 1.7% | | | | | | |



Introduction

- While there was strong State revenue growth in the 2013-14 fiscal year, the Governor asserts that these revenues will be utilized for higher than expected expenditures in medical coverage, and the creation of the rainy day fund.
- Due to the recalculation of constitutional formulas over a three-year period, the Proposition 98 estimate for the 2014-15 fiscal year resulted in a net decline. However, the Governor managed to provide a few additions to education funding.

Budget Highlights New Proposals

- \$50 million for Economic and Workforce Development Program on a one-time basis to improve student success in career technical education (CTE)
- \$42.4 million to offset decreases in local property tax and fee revenue estimates for the 2014-15 fiscal year
- \$6 million for increased technology infrastructure to upgrade bandwidth and replace technology equipment at local campuses
- Increase in the Career Development and College Preparation Courses (CDCP) rate to match the credit rate commencing in the 2015-16 fiscal year

Budget Highlights Adjustments

- Decrease from 3% to 2.75% or \$14.8 million in Restoration of Access (Growth). Proposes to implement revised growth formula for the 2015-16 fiscal year
 - Estimated growth for Mt. SAC is approximately \$3.6 million
- Decrease from 0.86% to 0.85% or \$1.2 million in Cost-of-Living Adjustment (COLA)
 - Estimated COLA for Mt. SAC is approximately \$1.1 million

Budget Highlights Adjustments

- Decrease from \$175 million to \$148 million for Scheduled Maintenance and Instructional Equipment
 - All funds will go toward Scheduled Maintenance instead of a 50/50 split between Instructional Equipment and Scheduled Maintenance
 - Local match will not be required for Scheduled Maintenance
 - Estimated for Mt. SAC at \$3.7 million
- A decrease of \$1.5 million for Proposition 39 Energy Efficiency Projects due to reduced revenues attributable to the California Clean Energy Jobs Act

Rainy Day Fund

- Ballot initiative in the fall to modify the Rainy Day Fund, which will be funded primarily from capital gains. Funds will be used toward the debt repayment and a Rainy Day reserve.



Budget Highlights No Changes

- \$100 million to support Student Success Programs
 - For Mt. SAC approximately \$2.5 million
 - Match: Credit 1 to 3 and Noncredit 1 to 1
 - Potential Risk: 50% Law Compliance
- \$100 million to strengthen support for under-represented students
 - For Mt. SAC approximately \$2.5 million
- Eliminate all cash apportionment deferrals as of the 2014-15 fiscal year

CALSTRS

- Proposes a reform to make CalSTRS actuarially funded over 30 years
- Unfunded CalSTRS liability is estimated at \$74.4 billion
- Proposes to raise contributions for the State, employers, and employees.

Plans to Fund CALSTRS Unfunded Liability

- Increase “State share” rate from 3% to 6.3%
- Increase “employer share” rate from **8.25% to 9.5% in 2014-15**, and an additional 1.6% increase from 2015-16 to 2021-22

Concern: Employers payments will start immediately, but with no new funding from the State

- Increase “employee share” rate from 8% to 9.2% on 2015-16, and to 10.25% each year after

Questions



Budget
Committee

ATTACHMENT 1

BOARD OF GOVERNORS OF THE CALIFORNIA COMMUNITY COLLEGES
PROPOSED REVISIONS TO TITLE 5 REGULATIONS:
STUDENT SUCCESS AND SUPPORT PROGRAM FUNDING

1. Section 55518 of article 2 of subchapter 6 of chapter 6 of division 6 of title 5 of the California Code of Regulations is amended to read:

§ 55518. Funding.

(a) The Chancellor shall adopt a funding formula, consistent with the requirements of this section, for allocating Student Success and Support Program funds to community college districts complying with the requirements of this subchapter. Student Success and Support Program funds shall be allocated according to the number of students to receive services at each college and the number of students who received services funded through this subchapter.

(b) Each dollar of state credit Student Success and Support Program funding shall be matched by three dollars, or a lesser amount as determined by the Chancellor, of other district resources devoted to the Student Success and Support Program.

(c) Community college districts that receive Student Success and Support Program funding shall agree to implement the Board of Governors' system of common assessment, if using a standardized assessment test for placement, and implement the Board of Governors' Accountability Scorecard, pursuant to Education Code section 84754.5.

Note: Authority cited: Sections 66700, 70901, 78216 and 84754.5, Education Code.
Reference: Section 78216, Education Code.

Appendix C
2014-15 BUDGET DEVELOPMENT CALENDAR
 (Approved by Budget Committee on May 7, 2014)

| DESCRIPTION OF TASK | DUE DATE |
|--|----------------------|
| Fiscal Services Updates and Projects Personnel Budget (Changes through January 8, 2014 Board Agenda) | 01/31/14 |
| Fiscal Services Distributes Status Quo Budget Sheets to Departments for Tentative Budget Changes | 03/03/14 |
| Departments Complete Status Quo Budget Review; Then Sends to Deans/Directors | 03/14/14 |
| Fiscal Services Prepares Preliminary Tentative Budget | 03/25/14 |
| Deans/Directors Review and Approve Department's Status Quo Budgets; Then sends to VPs | 03/28/14 |
| Vice Presidents Review and Approve Department's Status Quo Budgets; Then sends to Fiscal | 04/11/14 |
| Budget Committee Reviews Preliminary Tentative Budget (On a regular basis will be done on March) | 05/07/14 |
| Budget Committee Determines and Communicates New Resources Available (On a regular basis will be done on March) | 05/07/14 |
| Budget Committee sends Communication Campus wide Regarding New Resources Allocation Process (On a regular basis will be done on March) | 05/09/14 |
| Departments Prioritize New Resources Requests for One-Time Funding in their PIE forms | 05/15/14 to 06/30/14 |
| Budget Committee Reviews the Completed Tentative Budget | 06/04/14 |
| Fiscal Services Completes the Tentative Budget and Prepares Board Agenda Item | 06/06/14 |
| Tentative Budget Submitted for Board Approval | 06/25/14 |
| Fiscal Services' Deadline for 2013-14 Year End Closing | 07/25/14 |
| Deans/Directors Prioritize Department's New Resource Allocation Requests | 07/01/14 |
| Vice Presidents Prioritize Team's New Resource Allocation Requests and submits to Fiscal Services | 08/15/14 |
| Budget Committee Reviews the Completed Adopted Budget | 09/03/14 |
| Budget Committee Reviews New Resource Allocation Requests | 09/03/14 |
| Board of Trustees Approves Adopted Budget | 09/10/14 |
| Budget Committee Finalizes Review of New Resource Allocation Requests and forwards to President's Advisory Council | 09/17/14 |
| President's Advisory Council Reviews New Resources Allocation Requests and forwards to President's Cabinet | 09/24/17 |
| President Makes Final Decision on New Resources Requests Based on President's Cabinet Recommendations; and Budget Committee and President's Advisory Council reviews | 10/07/14 |
| Vice Presidents submit New Resources Allocation Forms for funded New Resource Allocation Requests to Fiscal Services | TBD |



Budget Committee
Department level
Administrative Level
Other Groups
Fiscal Services

