

**Yuba Community College District
Budget Summit
March 12, 2013
Meeting Minutes**

Attendees: Rod Beilby, Kayleigh Carabajal, Monica Chahal, Patsy Gasper, Jackie Harryman, Donna Veal-Spenser, (attending on behalf of Teresa Dorantes-Basile), Kuldeep Kaur, Alfred Konuwa, Robert Mathews, Claudette Michel (via ccc confer), Miriam Root, John Steverson, Lori Mejia (Recorder)

Guests: Melody Kempton, Christopher Myers, Marcia Stranix, WCC Student Representative

Kuldeep Kaur shared that Claudette Michel will be joining the group representing the Administrative Support Team (AST).

Budget Planning Assumptions, COLA and Growth:

Kuldeep Kaur presented a recap of the Governor's Budget proposal for FY2013-14 and the planning assumptions for the year.

The Governor's Budget Proposal includes:

- \$196.9M in undesignated monies.

The Governor proposed that the Board of Governors determine how funds are to be spent. The Legislative Analyst's Office (LAO) is not supportive of this concept and recommends that the legislature allocate these resources based on the intended outcomes. These monies will likely be allocated towards Statutory COLA for current year (1.65%) and growth (1.95%). 80% of the COLA is tied up in employee groups with 20% available to address fixed costs.

- \$179M in cash deferral buy-down reducing cross-year deferrals from \$801M in 2012-13 to \$622M in 2013-14.

LAO is supportive of paying down the "wall of debt."

- \$49.5M to support projects to improve Energy Efficiency and Expand use of Alternative Energy (Prop 39)

LAO has concerns with Prop 39 as the Administration recommendation is to allocate resources based on FTES rather than priorities. The Governor wants the California Energy Commission (CEC) to be the lead agency and proposes that it be a competitive Grant. This would equate to \$500K to YCCD.

- Proposed \$16.9M increase to grow the number of courses available through the use of technology.

LAO is rejecting this proposal and recommends that monies allocated are based on competitive Grant basis.

- \$300M shift from K-12 to community colleges for Adult Education focused on Vocational Education, ESL, Elementary and Secondary Education and Citizenship.

LAO is opposed to the Governor reallocating funding from K-12 to community colleges as community colleges lack infrastructure and facilities and adult education is not part of the mission of many community college districts. K-12 expressed concerns that community colleges are not prepared to serve adult education throughout the State.

- \$15.7M shift from K-12 to community colleges for apprenticeship.

This imposes a similar concern with external controversy. Donna Veal-Spenser shared that in rural areas, access will be a huge concern. Kaur stated that this is one of the concerns expressed by K-12 system as well.

Policy Reform:

- LAO is not supportive of shifting the census date to the course completion date, noting that student completion rates are high in community colleges.
- LAO is recommending adopting a 90-credit Cap for students to receive State-Subsidized instruction but the cap should be on all fill/dropped classes as well as excluding any credits earned through unsubsidized agencies.
- Most students do not complete the FAFSA form until the last minute. There are three significant elements to the proposal; 1) all students are required to use the FAFSA for a BOG fee waiver, 2) eligibility would be required using student and parent income, and 3) students that qualify for a BOG, based on the fact they receive public assistance, could possibly lose their BOG waiver.

Adjustments:

- EPA Adjustment - \$27.5M in additional State support to mitigate against a lower EPA revenue projection in FY2012-13 and \$187.2M in FY2013-14.

The district has a \$3M contingency built into the budget to address this deficit.

- RDA Adjustment - \$47.8M in additional State support to mitigate against a lower property tax in FY2012-13 and \$133.2M in FY2013-14.

Kaur shared the status of P1 (First Principal Apportionment) of the district and shared that we have a backfill guarantee in a trailer bill in case RDA actuals fall below the projections.

- No changes to Mandated Block Grant (\$33.3M proposed)

YCCD is approximately 1% of the total system allocation and therefore we will receive approximately \$333K for Mandated cost claims. No reimbursement claim form will be required.

Expenditure Assumptions:

- Fixed Cost Increases (\$700K-\$800K)

This was presented to the Governing Board at its January 2013 meeting. We are waiting for policy guidance from the Board pertaining to step and column increases. The fixed cost increases include step and column, inflation factor for health benefits, mandated benefits, utilities, etc.

- Deferred Maintenance

The district has not been funding deferred maintenance.

- Resource Allocation Model

Kaur shared that the committee met this afternoon and discussed how growth should be allocated. It was the consensus of the RAM that funding will be allocated by the priorities of the District driven by using protocols being developed by DC3 Team 1. There will be a planning protocol in place by the end of March. If one of the critical areas for us is growth and we lack funding, we will use one-time funds, but will need to review college needs and priorities. A narrative reflecting the flow chart Kaur shared at the meeting (with recommended changes) will be discussed at the next RAM meeting for ratification. WCC Academic Senate President Monica Chahal stated that WCC has a slightly different process than YC, and is concerned how the process will work at the district level. We need to agree on the ranking district-wide that would allow for the allocation of funds. There will be criteria set in place to allocate funds by colleges. It was a consensus of RAM committee that the group looks at the entire pot of money and allocate resources based on District priorities. The rationale for the three teams is that they are diverse and inclusive and have appropriate representation. Miriam Root asked if Budget Summit will have the opportunity to review the criteria. Chahal stated that the work of Team 1 will go to DC3 for review and after DC3 has reviewed data, it will be forwarded to different constituent groups

then back to DC3. Chahal met with WCC Researcher who has presented at various committee meetings, using the Humboldt model. This model is similar to the model proposed at the district, quantitative as well as qualitative data which looks at demand and region needs and a potential of needs, assigning percentages and a relationship to divisions to come up with rankings. Three teams will meet to come up with percentages, ranking accordingly. Carabajal will forward recommendations to constituent groups and then to DC3. Steverson asked if this is being driven by what results from Team 1. If we are using the Humboldt model, we will still have to compile data.

Kaur stated that having these discussions on the resource allocation model and strategic planning, she would like to hold discussions regarding revenue assumptions as we may not have the capacity to grow, not assessing demographic data to build these assumptions into the budget. We have fixed costs coming our way (\$700M-\$800M) and need to address these increases, adding that the district is planning to meet our growth target this year. Steverson noted that if growth is available, we have not heard from colleges or the district where the funding will go. There has yet to be discussions in regards to staffing changes. It's frustrating that we will adopt a budget this summer and there is no hiring process in place to hire full-time faculty and will likely have to cancel classes. A planning cycle has occurred in the past. This request was also asked at the last meeting, steps we are going to take now to have faculty in place for FY2013-14. Kaur shared that if a particular program has the need to grow (utilizing planning protocol and strategic direction), then resources will be allocated to those programs to ensure appropriate staffing in those programs.

Kaur asked for a general consensus to put this in as a revenue assumption as we did last year. We had budgeted 1% growth revenue as a contingency (do not plan to spend monies, want to earn it and once earned, then would spend). With that large of an increase, we would have to increase expenditures to have the capacity to grow and determine staffing needs and may have to dip into the beginning fund balance to address one-time needs.

At the next meeting, the Resource Allocation Model narrative and protocols from DC3 Team 1 will be discussed.

The meeting was adjourned at 4:00 p.m.

Yuba Community College District
Budget Summit
April 23, 2013
Meeting Minutes

Attendees: Rod Beilby, Kayleigh Carabajal, Monica Chahal, Teresa Dorantes-Basile (CCC confer), Angela Fairchilds, Byron Green (CCC confer), Kuldeep Kaur, Robert Mathews (CCC confer), James Schulte, John Steverson, Lori Mejia (Recorder)

Guests: Skip Davies, Wendy Duck (CCC confer), Patsy Gasper, Walter Masuda, Marcia Stranix (CCC confer), Donna Veal-Spenser, Mike Wieber

Resource Allocation Update

Kuldeep Kaur shared that there was a general consensus received on the resource allocation model presented at today's RAM committee meeting. The RAM committee will review the narrative and report feedback to Ms. Kaur who will share with Budget Summit and recommend to DC3 for final implementation. The model is being built based on DC3 Team 1 recommendations.

State Budget Update

Based on the prior meeting update, the Governor's Budget Proposal includes; 1) a policy reform for community colleges shifting the census date to course completion date – both senate and assembly rejected the proposal; 2) the 90-unit cap for students to receive State-subsidized instruction was rejected by both the senate and assembly; and 3) the Senate is supportive with all students that receive a BOG fee waiver completing the FAFSA; however, Assembly rejected both the proposal to use the FAFSA to apply for BOG fee waiver and the proposal that the federal definition of independent students be used to qualify for financial aid.

State revenue receipts are coming in higher than projected which will equate to community colleges receiving additional resources. There is an uncertainty until the Governor's May revise is released as to how much of those receipts will be coming in to community colleges. Based on legislative discussions, we are gathering that the District may receive a 1.65% COLA, roughly \$900K. Eighty percent (80%) of the COLA is tied to bargaining agreements; \$180K will be used to address the budget deficit. The District may also receive 1.95% in growth funds (approximately \$1M). The Governor has proposed a commitment to pay down deferrals; however, the legislature is not supportive of paying down the deferrals and recommends that funds be directed to categorical programs.

Proposition 39 funds (multi-state business taxing) will bring in revenues that will be directed to energy projects according to the Governor's proposal. The state discussions are providing indications that funding will be distributed based on FTES. The projected revenues will be approximately \$50M statewide (\$500K allocated to our District). Kaur has been working with Parker to seek a plan for Energy Management System project using these monies.

In regards to the 50% law, there is a bill (AB 806) being introduced that will include counselors and librarians on the right side of the 50% calculation. The bill proposes a percentage to increase from 50% to 52% becoming effective in FY2014-15.

As a result of the Proposition 30 passage, there will be Education Protection Account Funding. Based on an update received at the Northern California CBOs meeting on April 11th, the State Chancellor's Office

reported that both the senate and assembly subcommittees have passed a trailer bill to backfill shortages in EPA funds. For FY 2012-13, the District has a backfill guarantee for \$6.9M included in our budget. Additionally, the State Chancellor's Office will pay EPA receipts to community colleges in June 2013. Beginning FY2013-14, the State is planning on paying the EPA funds on a quarterly basis. One of the requirements of Proposition 30 is to post onto our website how we are spending these funds. The District also has State deferrals that will be received in July to help pay off the TRAN that is due in July and will also receive a backfill for RDA funds.

FY2013-14 Budget Projections

The revenue projections are presented in a draft version as we haven't received the Governor's May Revise or the State Enacted Budget. The expense projections are rough projections as we have not received updated requests from the colleges on the next year's budgets.

Robert Mathews inquired when we will be notified in regards to the Sutter County Center allocations. Kaur plans to take a recommendation to the Board of Governors at its July 2013 meeting to gain a state approved center status and based on discussions with State Chancellor's Office staff, the center needs to have 500 FTES to gain State Approval. However, to receive basic allocation of \$1.1M, the district needs to gain 1,000 FTES by the end of FY2012-13. As of January, the center did not have 500 FTES. Carabajal is anticipating 1,000 for FY2012-13 by the July reporting deadline. With the current budget, the Sutter County Center was funded out of the one-time fund balance with the intent that we reach 1,000 FTES in FY2013-14 to receive basic allocation.

Ongoing expenses include:

- With the District's March revised budget, we will include the appropriate expenses.
- The employer portion of PERS is increasing by 12% and will increase further to address the unfunded liability.
- STRS will not increase, as STRS board cannot increase contributions to the CalSTRS system. The legislature will need to consider ways to address unfunded liability.
- Health benefits are increasing by 8%. The District has a cap on all employee groups stating that anything above cap will be split 50/50.

Kaur reported that based on revenue and expenses, the District has an anticipated deficit in the amount of \$1.3M. The proposed solution is to use one-time monies in addressing this deficit:

- Mandated costs reimbursement in the amount of \$330K.
- Growth funds in the amount of \$1M. In order to receive growth funds, the district has to grow above our base. We may have to move summer to achieve the FTES cap. The projected FTES for FY2013-14 is 7670 to receive the additional \$1M over base. For FY2012-13, the reported FTES is 7540.

In order to balance the budget, we will have to rely on one-time revenues to reach a balanced budget and growth by an additional 130 FTES. Both colleges are doing their due diligence in scheduling classes to increase productivity to reach growth through efficiency. Some expenditures may have to be moved to one-time sources in order to balance the budget. Kaur proposed that when we receive the Governor's Budget May Revise and colleges have submitted their budgets (due 5/13) we will share updated budget information to the committee for your review.

Kaur shared FY2013-14 projections for revenue and expenditures. A line item in the itemization of adjustments to revenues and expenditures section of the report entails \$150K for a District office lease. Kaur reported that the Governing Board had given Dr. Houston a goal to move district offices off the Yuba College campus. Steverson stated that in the current year, we receive growth funds and there is no additional faculty hired and we now can afford an off campus District Office. Kaur noted that the relocation of the district office will be an open discussion and she is introducing this goal and that there will be avenues to discuss this further detail. This item is included in the budget for planning and transparency about the possibility of this expense occurring.

The District should be currently engaging in larger cap size classes. Carabajal stated our WSCH is declining as we are not achieving caps in current classes. Steverson added that he has reservations to a district office lease when the District has a structural deficit and there is a reduction in faculty to serve students. The prioritization does not seem proper. Carabajal reported that the District has capital funds that have accumulated over the years that could be used for student support services. We cannot achieve this goal if we have District offices in building 100A. Chahal added that she supports housing all student services in one area but it is not the right time. We need to grow without taking on additional resources that need to be funded. What criteria is used for capital outlay funds? Jim Schulte inquired where the District plans to fund the off-campus office structural changes, would funding come from capital outlay funds? Carabajal stated that we need to complete the multi-college plan as part of the plan was to separate district services from colleges to delineate services. Kaur shared that in regards to the timing, these are projections and there are no commitments to lease options at this time and we want to be transparent with this possible lease. We need to look at remodels at the Yuba College and Woodland Community College campuses. Skip Davies noted this is a Governing Board decision to direct the Chancellor and staff to research this option. Stranix added that with the \$150K lease, if we are trying to increase FTES, this money could pay to hire faculty. Steverson suggested that the District has a paid with full utilities pad at the Sutter County Center and we could place a double-wide trailer there to house District Services staff. Carabajal and Kaur stated that this decision will be made in a transparent environment. We could recommend that it is included on the next DC3 agenda. As it will be on the Governing Board agenda for May 9th, it will automatically be a topic of discussion at the next DC3 meeting.

Next Steps

Kaur reported that the Budget Summit meeting scheduled for May 7th has been canceled as the Governor's May Revise is scheduled to be announced May 10th. As the next Budget Summit meeting is scheduled for May 28th, she would appreciate holding a meeting possibly on May 15 or 16 (or wait until the State Chancellor's Office holds its webinar and the Budget Summit group could attend). Kaur received committee's overall consensus to this proposed change. Ms. Mejia will email a doodle request to check committee member's availability on May 15 and 16.

Meeting adjourned at 4:15 p.m.