



## PLANNING AND BUDGET STEERING COMMITTEE

### Summary Meeting Notes September 20, 2017

APPROVED October 4, 2017

**Members Present: Co-Chairs:** Rod Garcia; **Management Reps:** Cyndi Grein, Rich Hartmann; **Faculty Reps:** Josh Ashenmiller, Pete Snyder; **Classified Reps:** Summer Marquardt; **Associated Students Rep:** Taylor Gaetje (Interim); **Resource Members:** Melisa McLellan and Catalina Olmedo. **Members Absent:** Carlos Ayon.

The meeting commenced at 2:03 p.m.

**I. Approval of Meeting Notes:** The September 6, 2017 Summary Meeting Notes were unanimously approved.

**II. Planning Update:** Due to Mr. Ayon's absence, there was no report.

**III.A. Budget Update:** Co-chair Garcia reported that the 2017-18 NOCCCD Budget was approved at the Board Meeting on September 12, 2017. He distributed the PowerPoint that was presented at the board meeting and shared the following highlights from that presentation. Page 3, slide 5 notes the 2017-18 ongoing operations with the \$5.8M structural deficit. Slide 6 addresses how the District will cover the deficit with one-time funds including \$9M from PERS/STRS increase and \$14.4M from Stability Funding resulting in a net position in 2017-18 of \$17.6M. The State will have more monies available for growth with so many districts being unstable due to FTES reduction.

Slide 7 shows the District's breakdown of one-time funds beginning with \$4.7M in discretionary contingency funds available, \$12.9M in PERS/STRS holding that we've been receiving and are holding because we don't need it to cover future increases. Because claims are down, the District reduced the commitment benefits freeing up \$1.7M. \$14.4M in stability funding is also available. Since the contribution to trust is temporarily suspended, \$1M in monies is available for use. Lastly, \$9.1M in money set aside for the PERS/STRS increases is available. The total available one-time funds of \$43.8M less \$5.9M deficit leaves a balance of \$37.9M to be used this year. Chancellor's staff will discuss a plan on how these funds will be used. Until we bridge the \$5.9M deficit gap we will decrease expenses or enrollment management will use funds to cover these expenses. The District is addressing staffing needs as attrition is happening.

Pete Snyder asked if there is a goal for salary and benefits to be at 80%. Rod Garcia replied that currently salary and benefits are 91% of the entire General Fund budget and yes, one of the Chancellor's goals is to increase salary and benefits, and with attrition the District will not fill

positions of those who leave unless a justification is approved. Another goal of the District is to equalize the FON #. District-wide, we are 40 above the FON # and it needs to be reduced and if faculty accept the golden handshake, the FON will decrease. The District hired Keenan and Associates to look at all employees and submit a report to the Chancellor with findings to aid in the decision whether or not to move forward with a Golden Handshake. Staff can expect the results to be received mid to late October. The District is projecting \$6M in ongoing savings, but there is also a cost associated that would come from carryover funds.

Pages 8-9 discuss outstanding issues such as effective enrollment management, evaluating a Push-out model, and address hiring of permanent positions using categorical funding which is not common because funding can be cut at any time. With regard to compliance with the 50% Law, we are at 54%, which is high, but with FON high we don't have an issue.

Rod also distributed a handout from the State Chancellor's Office titled California Community College's 2018-19 Budget and Legislative Proposal and referenced Page 4, Goal #1 which in 2018-19 the system is requesting an increase in base funding of \$200M to help address general fund (GF) operating expenses, which translates to \$6M for us. Past allocations received in years 2016, 2017, and 2018 were \$267M, \$75M, and 183.6M respectively. To calculate our District's share of any State-wide quoted figure, it's roughly 3% share of any given number. Since the District has been setting aside money and if we receive the \$6M, we will no longer have the on-going deficit. Some Districts did not put money aside and are lobbying to push the GF allocation.

The last handout distributed relates to reporting 17-18 Budget Assumptions. Referring to the FC column, our operating allocation is \$4.9M which is \$247,000 less due to District covering proposed growth beyond extended day rather than being allocated throughout the budget. With all the planning we have done with regard to adding/reducing positions, there is a net of \$498,129 that can be used to offset the deficit if needed. FC has also been planning and Cypress has a deficit of \$233,671 since new President and VPAS retired, so they need to do more work. The new formula for extended day results in \$9.9M which is tied to FTES. We've had lots of reassigned time due to accreditation and that will change. Restricted Lottery of \$814,786 will go up because Vice Chancellor Williams used P2 (2016-17 FTES) for current year. Any unused lottery funds are rolled over to the next year. We set aside \$300,000 for Instructional Equipment and we need to decide the Program Review information already submitted. District set aside \$1M for local funded and \$797,015 for State funded scheduled maintenance. Budget posted into BANNER last Thursday. Beginning this Fall, the FC Business Office Specialist (Interim Catalina Olmedo) will distribute a monthly categorical funding report to the Grant Directors so funding can be monitored to prevent over or under spending.

Pete asked about PERS/STRS holding account and if we have an unfunded pension liability. Rod stated that our retirement pension is not related as PERS/STRS is how much employer pays for retirement based on an actuarial study that is based on 1) Life-time benefits 2) Benefits package 3) Life expectancy, and 4) How many actually approved access the system. The Irrevocable Trust in place gets a good return with \$90M in the fund.

There is a published schedule of future STRS rate increases and the District projected salary and benefits to the year 2021 and earmarked funds over the years to cover those yearly increases.

**III.B. Lottery Reallocation:** Each year, unused lottery funds are rolled over into the next year’s budget for future use. Recently, some divisions requested more money to fund their needs so VPAS Rod Garcia analyzed a 5-year period of Lottery Fund budget allocations and a natural pattern of business was determined. Rod distributed a handout outlining the current allocations totaling \$602,846. Some divisions only spent half of what they were allocated and so Rod met with all the deans and asked who was willing to give up a portion of unused funds for ongoing redistribution. The proposal was discussed at the Deans’ Council meeting on September 12, 2017 where the amount of \$74,023 was approved for reallocation by the Deans as shown in the table below:

Lottery Reallocation Proposal 2017-18	
Division	Proposed Reallocation
Fine Arts	\$ 8,570
Natural Sciences	\$ 20,238
Physical Education	\$ 19,149
Technology & Engineering	\$ 19,393
Library/LRISPS	\$ 6,450
Student Support Services	\$ 223
<b>Grand Total</b>	<b>\$ 74,023</b>

The PBSC discussed the proposal and Richard Hartmann made a motion to approve the lottery reallocation to the six divisions as identified in the table above on an on-going basis in the amount not to exceed \$74,023, effective fiscal year 2017-18. Pete Snyder seconded the motion and it was unanimously approved by the voting members.

**VI. Other/General Discussion:** None.

Meeting adjourned at 2:50 p.m.

Meeting Notes were taken and typed by Melisa McLellan

Next Meeting: October 4, 2017