



Budget Committee
Meeting Minutes
 November 29, 2018
 3:30 PM
 SSB 414

Role	Name	Present	Absent
Administrative Co-chair	Iris Ingram, VPAS	X	
Faculty Co-chair	Olga Shewfelt, AFT Faculty President	X	
AFT Classified Guild	Dionne Morrisette	X	
AFT Classified Guild	Ashanti Lyles		X
AFT Classified Guild, Alternate	Noelle MacDonald		X
AFT Faculty Guild	Vidya Swaminathan	X	
AFT Faculty Guild	Tim Russell	X	
Academic Senate	Charles V. Daniel	X	
Academic Senate	Sara Coppola	X	
ASO	Sarah Rios	X	
Teamster's	Walter Jones		X
SEIU 721 Campus	Bruce Hicks		X
Resource	Rasel Menendez		X
Resource	Hansel Tsai	X	
Resource	Helen Lin	X	
Resource Substitute	Bill Gasper	X	
Administration, VPAA	Aracely Aguiar		X
Administration, VPSS	Roberto Gonzalez		X
Guests			

1. Call to Order / Approval of Agenda

Action

Co-chair Iris Ingram called the meeting to order at 3:12 PM. Agenda approved as written.

2. Approval of Minutes

a. October 25, 2018

Action

The minutes were approved as amended.

3. Old Business:

a. **District Budget Committee**

Information

O. Shewfelt - The DBC did not meet this month. The Executive Committee of the DBC met on November 27th to review the district data metrics on the new Student Centered Funding Formula (SCFF). They have not made any decisions on the internal allocation model. They are scheduled to meet January 8th and 29th with a full DBC meeting to follow sometime in February 2019. The final presentation is scheduled May 8th, 2019.



The internal allocation model will not be effective for this fiscal year as no decisions will have been made.

4. New Business:

a. Structural Deficit Discussion

Information

I. Ingram – A structural deficit occurs when a government entity – whether state, local, municipal, or special agency – posts a deficit even when the economy is operating at its full potential i.e. despite good economic times, expenditures exceed revenue on an ongoing basis. This differs from a cyclical deficit, which occurs during a downturn in the economy.

We've audited figures from District records, which are available online for your review. This graph shows all of our final budget allocations and expenditures, as approved by the Board and audited by the District, from FY 2009 to FY 2019. The figures for the current fiscal year (2018-19) are projections based on our appropriation from the Board. This presentation is for 10100 only, which is our primary source of income. The blue bars represent what we spend while the orange bars are our allocation. The grey bars on the bottom of Slide 5 show the actual difference between revenue and expenditures. All three graphs show the same data in a different format; we've had a deficit every year since 2009.

We manage the deficit and maintain a small fund balance at the end of every year by leveraging those expenses that can be charged back to non-10100 funds – grants, specially funded programs (SFPs), categorical programs etc.

This strategy works on a short-term basis but is not a good policy because grants, SFPs, and categorical programs are not assured. Unlike 10100, which is guaranteed under Title V, these programs can disappear. And the majority of our funding is still 10100, even under the new Student Centered Funding Formula.

10100 is an unrestricted fund based on FTES, meaning you can spend that money on virtually anything the state says is legal. Restricted funding or categoricals are monies



that must be spent in a specific category, e.g. EOPS, DSPS, CALworks etc. Those funds are not based on apportionment, but rather other data such as census or demographic information, essentially the number of students who are eligible to receive services under a specific definition.

If there are expenses that can be used for both, we offset 10100 expenses against categorical programs. The same is true for SFPs like Trio, Upward Bound, and Student Equity. Many salaries, supplies and equipment are charged back to these programs. However, those funds should not be relied on for survival because they are considered more volatile. Apportionment, or the permanent aspect of the budget, fluctuates on a much smaller and predictable basis.

O. Shewfelt - This doesn't appear to be a full picture of the budget and I don't believe we are in a structural deficit. We have always looked for entrepreneurial ways to supplement the college's funds. Through partnerships, grants, and other efforts, we were able to cover about 20% of our budget. I would like to see data about where money from grants and other entrepreneurial efforts was leveraged for 10100 expenses.

I. Ingram - Two different issues are being conflated. Even if 90% of our funding comes from grants, we still need to be watchful of the amount of expenses coming through 10100. This presentation was in response to a request for information on what I've alluded to as a structural deficit. There has been information available about the source of all of our funding, which was about \$62 M this year. You may refer back to previous presentations made throughout the past year but I can distribute another report on all the current grants and special funds. Nothing is being hidden. The deans and program managers in charge of monitoring and spending grant money are still doing the same work. The only difference is they work in coordination with my office.

Our biggest expense besides salary and benefits are facilities and administrative costs, i.e. overhead. That can only come out of 10100. Grant money doesn't cover those costs.



OPEB (other post-employment benefits), STRS, and PRS all come out of 10100 as well. Unless we receive significantly more apportionment, we need to slow down the rate of expenses. The fiscal cliff – a sharp decline in revenue - is anticipated for FY 2021-22 and absent us adjusting our operations and spending, we could face some serious issues.

D. Morrissette - Are the right people hearing and seeing this data? It sounds like we may be relying too heavily on grants. And if we shouldn't rely on grants, what is the other option?

I. Ingram - We are developing other sources of campus-dedicated revenue like filming and facilities rentals and exploring Public-Private Partnership opportunities. But we should still be cognizant of growth in 10100 expenses because we can exert more control over that area. It's important for members of this body to share information with our constituents.

O. Shewfelt - My comments are not directed at anyone in particular but there's concern that administrators, especially at the District, always embed salary and benefits into this conversation. The recession is coming and I welcome this issue being brought to our attention. But who is keeping an eye on the budget?

I. Ingram - I will mine the final, adopted budget and excerpt the sections that show 10100, the restricted funds (categoricals), and SFPs into one chart and distribute that to committee members. We'll also include the chart Helen generates on all the SFPs. That report is extremely labor-intensive and is only calculated every two or three months, therefore it won't be up-to-the-very-minute information.



V. Swaminathan - *Are any of the expenses - represented by the blue line - SFP or categorical expenses?*

I. Ingram - No. Those are only expenditures charged against 10100. If restricted fund expenses and revenue had been included, both lines would be much higher. These numbers aren't the same as the year-end balance because throughout the year there are several inter-fund transfers between SFP, categorical and 10100.

E. Webb-Wilson - *Can we have a fund balance at the end of the year and still be in a structural deficit?*

I. Ingram - Yes. We offset 10100 expenses by leveraging restricted funds. That's how we manage a small fund balance at the end of the year.

5. Adjournment

Action

Meeting adjourned at 3:55 PM.

6. Next meeting: TBD

APPROVED