

Budget Committee Meeting

Wednesday, March 14, 2018

Room North/South Lounge

1:00 p.m. – 2:30 p.m.

Committee Members: Fred Harris (Chair), Dale Clark, Wade Ellis, Julian Kearns, Kathleen Rose, Marie Noriega, and Veronica Martinez

Absent: Dina Hampton and Makayla Soto

Resources: Jan Bernstein-Chargin, Jeff Gopp, Fran Lozano, Kathleen Moberg, Kyle Billups, Ron Hannon, Doug Achterman, and Debbie Britt-Petty (Recorder)

I. Call Meeting to Order – 1:06 p.m.

- A. Additions/Deletions to the Agenda
None.

II. Action Items

- A. Approve Minutes from April 26, 2017
MSC (D. Clark/W. Ellis) 7 ayes, 0 nays to **approve**

III. Information Items

- A. Budget Calendar and New Manager's Budget Tool –
Fred Harris announced that the Budget Calendar was adopted by the Board. Wade Ellis then explained that budget planning is a 16-month process that begins in November and is continuous. The tentative budget is announced in June based on the state's May budget revise. We then adjust the budget per the state adoption that will be approved in September.

Wade also shared that a new budget tool has been in development which will empower people to see their budgets in real time. The budget worksheets will be on Self-Serve Banner, and will hopefully be activated this week. It will allow managers and department chairs to transfer funds between 4000, 5000, and 6000 accounts without having to submit a transfer form.

- B. 2016-17: Transition to Basic Aid and Repayment of State Apportionment –
Wade explained that we are in a transition period since we are not basic aid yet. Right now, our state apportionment is FTES-based. We are funded first by property taxes, then student enrollment, then Prop 30, and finally the state apportionment. The state apportionment supplies the amount that is needed to fulfill the budget after the first three factors.

Last year, we received a large, \$5.8 million ERAF (Educational Revenue Augmentation Fund) credit to our budget. ERAF can be unpredictable because it is based on property taxes. Because this was given after our state apportionment, the Chancellor's Office recalculated a reduction in our state apportionment, and now we have to pay back \$3.2 million. We are negotiating with the Chancellor's Office to try and pay this back over 5-10 years. We have a

consultant to help us better navigate through all the uncertainties leading up to full Basic Aid status.

C. 2017-18: Mid-Year Review –

Wade referred to a budgeting handout that he took to the Board in January. The new Enrollment Management Plan was discussed.

D. 2018-19:

i. State Budget and New Funding Formula –

Wade discussed handouts. The State Chancellor's Office is proposing a new Student Focused Funding Formula which changes the state apportionment from being based solely on growth and enrollment to being more performance/outcome based.

As proposed by the Governor, the new formula would allocate funds 50% FTES, 25% BOGS/CA Promise Grants, and 25% on number of degrees and certificates. Gavilan currently offers a large number of certificates, which may need to be refocused. Based on current initial simulations, up to 38 districts in the state, including Gavilan, may take major revenue hits with the Governor's proposed funding formula. There would be a hold harmless provision only for the first year.

A workgroup of statewide community college CEOs has made an alternative recommendation for a new Funding Formula to instead transition to 75% FTES and 25% based on student success metrics over 5 years with up to a 2 year hold harmless period.

ii. Program Plans and Change to Integrated Planning –

There is no one-time funding this year, so the Program Plans will not be unable to be funded this year.

Kathleen Moberg offered suggestions on "re-gearing" the Budget Committee. She explained an Integrated Planning Committee model where ideas would be discussed and prioritized. The committee would plan funding and budgeting by exchanging ideas about grants, or the possibility of sharing costs with other programs, etc. The new IPC Committee could be representatives from different stakeholder groups who engage in discussion about program plans and how they tie into the Strategic Plan, and also how they affect all areas. Once plans are made, they could be taken to the Budget Committee to discuss, recommend, and approve. More discussion is needed on this idea.

IV. Next Steps

Fred stated that according to the Budget Calendar, our next meetings will be March 28, April 25, May 30, and July 11 as needed. The committee agreed to meet again on March 28th to discuss Integrated Planning.

Adjournment: 2:33 p.m.