



Budget Advisory Committee

Minutes

October 31, 2016
Meeting

Approved

ATTENDANCE (A = absent):

✓	Ann-Marie Gabel	✓	Chris Carter
✓	Eva Bagg	✓	Cindy Baker
A	Wayne Bergman	A	Sara Blasetti
✓	Lou Anne Bynum	✓	Sem Chao
A	Sheila Daniels	✓	Rose DelGaudio
A	Thomas Hamilton	✓	James Henchey
✓	Karen Kane	✓	Terri Long
✓	Greg Peterson	✓	Seth Ramchandran
A	Mollie Smith	✓	John Thompson

NOTE TAKER: Janet Falcon

Welcome (Chris)

- Chris welcomed everyone to the meeting and introductions were made.

Approval of Minutes (Chris)

- The minutes of the September 7, 2016 meeting were approved as submitted with a minor correction on page 2.

2016-17 First Quarter Budget Performance Report (John)

(Refer to “2016-2017 First Quarter Budget Performance Report as of September 30, 2016 Unrestricted General Fund” handout)

- John reviewed the 2016-2017 First Quarter Budget Performance Report with the following highlights:
 - Revenue
 - Total State Principal Apportionment – projected at \$112.0 million, which is on target with the Adopted Budget.
 - One-Time Mandated Costs revenue – projected at \$1.9 million.
 - Total Revenue and Other Services – projected at \$123.9 million, which is on target with the Adopted Budget.
 - Expenditures
 - Academic Salaries – projected at \$51.6 million, which is (\$134,591) under budget due mainly to projected savings from vacancies.
 - Classified Salaries – projected at \$26.7 million, which is (\$573,318) under budget due mainly to projected vacancies.
 - Non-salary accounts are difficult to project at this point, so they are generally projected to be equal to the current budget.
 - Total Expenditures & Other Outgo – projected at \$133.4 million, which is (\$993,342) under budget. This savings amount is based upon salary and benefit savings.
 - Operating (Deficit) – projected at (\$9,436,196), which is the net of the projected revenue less expenditures.

- Karen asked about the line item for STRS On-Behalf Payments. John replied this is a pass-through estimating the amount that the State contributes to STRS for our employees. This is a fairly new requirement for the District to report (second year).
- Seth inquired about One-Time Mandated Costs. John said this is a one-time allocation and not on-going. It reduces the state's mandated cost obligation.
- Lou Anne asked if we know the total amount owed to the District for Mandated Costs. John said Bob Rapoza, Internal Auditor for the District, is following the process. At this time, there is still debt that is owed to the District for Mandated Costs. Ann-Marie described the process and the issues the District is faced with regarding the payment of Mandated Costs to offset the debt owed to the District. Chris asked for some examples of Mandated Costs. Ann-Marie said employee time spent for negotiations, health fee waivers, BOGG waivers, and environmental waste are some examples.
- Karen asked about Local Revenue International Students Fees and Nonresident Tuition Fees. John confirmed we anticipate an increase in both line items in the Spring.
- Seth asked about the Hospitality line item and why the Adopted Budget was zero. John replied it is for food. Ann-Marie added the report will be revised to show the breakout of Hospitality.
- Karen asked about Travel and Conferences and where the remaining balance of these funds go. John said that each department is expected to budget for Travel and Conferences but may move funds around to other line items as they feel necessary.
- Terri questioned the dollar amount for Instructional Equipment. Ann-Marie said this amount is only Unrestricted General Fund (01).
- Chris asked about the Assigned Reserves for New Faculty. John said this is the estimate for 31 new faculty. Karen asked to further clarify the reserve amount. Ann-Marie said we need to make sure we don't spend down the Reserves because this expenditure will be in the near future. We are leaving enough room in the Reserves for at least one year. Karen asked if there is any money coming from the State to assist with new faculty. Ann-Marie said there were funds from 2015-16 to help offset the Faculty Obligation Number (FON) and that has now been rolled into Apportionment.
- This report will be presented to the Board of Trustees on November 8, 2016.

State Budget Update (Ann-Marie)

(Refer to "Community College Update", "Community College League of California", and Chancellor's Office Updates handouts)

- Ann-Marie drew attention to the "Is a Revenue Downturn Coming?" The State's revenue is down by less than 1% from what was expected. She said one-time money may not be available in 2017-18 and Revenues may be lower than expected for 2018-19. If funds are available in 2017-18, requests total \$800 million from the State including 2% for Growth, 1% for COLA, \$200 million base increase, and \$100 million in additional full-time faculty money. The Governor will release the first version of the budget in January and we will have more information at that time.
- Social Security Payroll Tax Threshold Increases in 2017 from \$118,500 to \$127,200.
- Bills Signed and Vetoed by the Governor. AB 1995 will impact our facilities by allowing access to our shower facilities to all our students. Policies and Regulations will be put in the place to address the issue.
- AB 2393 for Parental Leave – this will be something that will be negotiated.

- SB 906 – Priority enrollment for foster care. Greg said this bill is increasing the age limit and making the requirement permanent. The District has already implemented this requirement.
- Part-time Faculty Collective Bargaining Bills will impact the District.
- Adopt Debt Policies – the District is currently working on a new policy regarding long-term debt including general obligation bonds.
- Information regarding Proposition 55 which will extend income tax rates for an additional 12 years, through 2030.
- Greg asked about Proposition 51 which is the state-wide bond for K-14. If it passes we will receive almost \$30 million for Buildings M/N at LAC and Building MM at PCC. It is polling lower than what's needed according to the latest polls. The Governor has the option not to issue the bonds even though the ballot may pass. Ann-Marie is hopeful for a plan to be in place for Districts to spend their own funds and then get reimbursed by the State once the bonds are issued.

Other (Chris) - None

Meeting adjourned at 3:59 pm.

Next Meeting: Monday, November 14th at PCC – TBD at 3:00 pm