

Planning and Budget Committee Meeting

APPROVED MINUTES

Meeting date **Dec. 6, 2019** | Time **12:30PM** | Meeting location **District Office Board Rm.**

Meeting called by VC of Business Services
Type of meeting Planning & Budget
Tri-Chairs Doug Roberts, Rajeev Chopra & Cathy Gould
Note taker Dawn Neideffer
Timekeeper Doug Roberts

Attendees: Rajinder Samra, Jeff Drouin, Sarah Thompson, Thomas Orf, Trish Shannon, Rajeev Chopra, Pedro Ruiz De Castilla, Noell Adams, David Rodriguez, Miguel Colon, Michelle Diaz-Nava, Sui Song, Rosalie Roque, Diane Brady, Cathy Gould, Dave Fouquet, Cynthia Gordon da Cruz, Ashley Young, Tamica Ward, Dale Wagoner and Theresa Fleischer Rowland.

AGENDA TOPICS | MEETING COMMENCED AT 12:35

Time allotted | **2 min** | Agenda topic **1.0 Welcome and Quorum Check** | Presenter **Doug**

Discussion There is a new employee in LPC's Business Office. Voting members counted.

Conclusion Quorum made, Sui Song of LPC welcomed.

Action items

None noted

Time allotted | **2 min** | Agenda topic **2.0 Approve Agenda** | Presenter **Doug**

Discussion No discussion.

Conclusion Agenda approved, by consensus.

Action items

1. Agenda approved

Time allotted | **3 min** | Agenda topic **3.0 Approve Minutes** | Presenter **Doug**

Discussion No discussion.

Conclusion Minutes from November 2019 approved, by consensus.

Action items

1. Minutes approved

Discussion

Before diving into his presentation, Doug stated that agenda topic 5.0 is linked to topic 4.0, and the purpose of going through the seven-page handout was to address these questions: 1) the size of the revenue loss in 2022-23, when the District is no longer on “hold harmless”, 2) the projected revenues and expenditures at that time, and 3) the amount of “SCFF reserve” the District will have going into 2022-23.

The first page of the handout was a spreadsheet entitled [*Projection of State Apportionment Revenue “Hold Harmless” and “Student Centered Funding Formula” \(SCFF\)*](#). Doug stated that the projections were based on the best information (then-available) and that things are subject to change such as the LAO’s recent revision of the 2020-21 COLA from 3.0% to 1.79%. Doug presented two projections of the size of the revenue drop in 2022-23. The first was \$12.6M, and was based on the District’s current 3-year average FTES. The second was \$11.4M, and that projection assumed a 3-year average FTES equal to the DEMC-recommended goal of 17,649 FTES.

The second page, entitled [*“Calculation of Total Rollback Funding Available,”*](#) looked at the projection of the annual rollback funds as adjusted for: 1) approved SCFF project expenditures, 2) reductions to the calculated rollback due to budgeted-FTES (17,649) being higher than the original rollback-FTES (17,228), the money to be distributed per BAM, and 3) a potential repeat of the 2018-19 year-end funding given to the Colleges to fund under-budgeted adjunct faculty expenditures. It was noted that the third item was not one that PBC had previously discussed. Doug acknowledged that, but stated that there would undoubtedly be pressure to repeat such funding (as otherwise college-fund balances would be negatively impacted), and the intent was to develop a “best guess” projection of rollback reserves going into 2022-23. That total was \$13.2M.

Pages 3, 4 and 5 showed the proposed revenues and expenditures associated with the SCFF projects that were being forwarded by FFC, and served as back-up for: 1) adjustments made to rollback reserve of page 2, and 2) net revenues adjustments to the 2022-23 “shortfall calculations” on page 7. It was noted that some of the revenue and expenditure numbers on pages 3, 4 and 5 did not match “final” numbers posted on the website. Doug said he would look into that, and make any corrections needed before posting the presentation to the website, but emphasized that the primary purpose of the presentation was to give the committee a rough idea of the size of the fiscal issues the District would have come 2022-23. (Note: corrections to the numbers on pages 3, 4 and 5 resulted in a net revenue increase of \$71K).

Page 6, entitled [*“State Apportionment Revenue & Illustrative Expenditure Increases,”*](#) delineated the major “non-rollback” increases to the District’s revenues and expenditures between 2018-19 and 2021-22. Bottom line, expenditure increases are projected to outpace revenue increases by roughly \$2.0M.

Page 7, entitled [*“Projection of Future Resource Need in 2022-23,”*](#) took the various elements of the preceding six pages to project the amount of additional revenue needed for the District to balance the budget in 2022-23. The amount needed was a range. If the

District achieved its FTES goals, and all of the SCFF projects were as successful as proposed, then the shortfall could be as low as \$4.0M. If none of the aforementioned improvements come to fruition, then the shortfall could be as high as \$8.6M.

Conclusion

The District is facing a loss of revenue in 2022-23 when it loses “hold harmless” status under the State’s current SCFF funding methodology. Compounding the issue will be known/estimable expenditure increases that will outpace COLA. The net revenue from proposed SCFF projects, and the meeting of FTES goals could reduce the size of the District’s fiscal issue. Best present estimate is that the District is looking at an ongoing shortfall between \$4.0M and \$8.6M come 2022-23. Projected “rollback reserve” could provide \$13.2 in one-time funds to help mitigate the situation.

Action items

None noted

Time allotted | 10 min | Agenda topic **5.0 Allocation of Rollback Reserves** |
Presenter **Doug**

See previous agenda item; discussion and conclusion for 5.0 is included in item 4.

Action items

None noted

Time allotted | 10 min | Agenda topic **6.0 Assumptions for PBC SCFF PP Evaluations** |
Presenter **Doug**

Discussion The assumptions PBC is to consider when evaluating the SCFF Project Proposals to forward to the Chancellor were reviewed. A cover sheet for the evaluation of project proposals was presented to aid PBC in evaluations. The FFC Proposal Subcommittee noted that many of the projected return on investment (ROI) calculations were off; therefore, it’s best to look at the cost of the project as opposed to the ROI

Conclusion Add a column to the cover sheet that notes if the project hits one or more of the Supplemental metrics. The group voted to adopt the Assumptions Sheet and it was unanimously approved. The [Assumptions Sheet](#) can be found on the PBC webpage.

Action items

1. Assumptions Sheet and Cover Sheet approved, by consensus

Discussion Each approved SCFF proposal was vetted by the FFC Proposal Subcommittee and reviewed in detail at the FFC meeting. The proposal for “Residency Determination” was forwarded with a proviso to subsidize current operational cost in order to complete the backlog of work internally, as opposed to hiring a temporary employee to complete the backlog of work. The original idea for SCFF funding was for new and improved processes, not to subsidize current operational costs; but after discussion, it was decided certain initiatives are important to fund even if they are part of the current operation. The “Residency Determination” will be moved forward because the group agreed the work of determining a student’s residence is important to complete. The “Guided Pathways” proposal is also asking to subsidize operational costs, therefore, it’s important for the group to carefully look at all proposals objectively and weigh them against the rubric created to rank each project. Approved projects will be evaluated by ESS, and if a project is not meeting the ROI, then the project will not continue to be funded with the SCFF reserve. Trish made a motion to move all the proposals forward, as a package. Miguel seconded the motion. It was stated that the use of SCFF funds to hire two additional IR’s was a structural move to help the District and Colleges with all needed institutional research, as opposed to hiring two more IR’s to assist the IR department exclusively. Some proposals are one-time projects and others are meant to be ongoing. Trish moved to make a motion to have a \$2M ceiling for SCFF proposals in the 2019-20FY, so budget for spring 2020 is similar to budget for fall 2019; also for FFC to self-assess their evaluation process and communications and to post a spring 2020 timeline for SCFF project proposals. Sarah countered with the fact that it is PBC purview (not FFC) to establish the dates for the timeline. David added that it important to get the next round going, but was concerned about rushing the process. Doug said this is a request from PBC to FFC and FFC will determine if the timeline is doable.

Conclusion PBC members approved, by consensus, to recommend the eleven-presented SCFF project proposals to the Chancellor. The Chancellor will then forward the proposals he approves to the Board of Trustees. Members voted unanimously to approve a request to FFC in regard to funding, communications, evaluations [of project proposals] and timeline.

Action items

1. Approval to recommend all eleven SCFF project proposals to the Chancellor, by vote: Yes: 16, No: 1, Abstention: 0
2. Request to FFC re: funding, communications, evaluations and timeline approved, by consensus

Discussion Dates and times were discussed.

Conclusion A meeting for January will be scheduled.

Action items

1. A special meeting for January 24th was approved, by consensus

Time allotted | **5 min** | Agenda topic **9.0 Future Agenda Items** | Presenter **All**

Discussion Members agreed a special meeting is necessary as assess the FFC/SCFF work that has been accomplished in order to conclude round one of SCFF project proposals and prepare for round two of SCFF project proposals.

Conclusion The meeting on January 24th will primarily focus on FFC/SCFF work; and the regular meeting on February 7th will launch the committee's work on the new budget allocation model (BAM).

Future Agenda Items: January 24th's Meeting:

1. FFC Review Process
2. SCFF Project Proposal Cap

Future Agenda Items: February 7th's Meeting:

1. Summary of BAM History
2. Scope & Timeline for New Budget Allocation Model
3. Establish PBC Taskforce for New BAM

Summary of Actions Items:

1. Agenda approved, by consensus
2. Minutes approved, by consensus
3. Assumptions sheet and cover sheet approved, by consensus
4. Approval to recommend all eleven SCFF project proposals to the Chancellor, by vote: Yes: 16, No: 1, Abstention: 0
5. Request to FFC for budget, communications, evaluations and timeline approved, by consensus
6. A special meeting for January 24th was approved, by consensus

Meeting adjourned at 2:35