

**College Budget Committee Meeting
September 13, 2012
Draft Minutes**

Attendees: Eloisa Briones, Carla Campillo, Kathleen Feinblum, Mike Fitzgerald, Nina Floro, Katie Galvin, Evan Leach, Joe Morello, John Mosby, Leigh Anne Shaw, David Ulate, Rick Wallace, Jeff Westfall, Linda Whitten, Soodi Zamani

Guests: Kathy Blackwood and students from Linda Whitten's accounting class

Absent: Joi Blake, Eric Brenner, Rick Escalambre, Pcyeta Jackson, Barbara Lamson, Sarah Perkins, Amber Steele, Regina Stanback-Stroud, George Wright

Approval of May 10, 2012 minutes

The minutes of the CBC meeting on May 10, 2012 were approved as written.

Committee Charge & Membership

The CBC reviewed the committee's charge and membership of this shared governance committee which is a sub-committee of the College Council. New members were introduced.

Budget Update

Interim Executive Vice Chancellor Kathy Blackwood shared some highlights since the final budget was passed on June 27th. While the final budget was passed on time, much of it depends upon revenues that are anticipated should the Prop 30 tax initiative successfully pass. Much of the increases in personal income tax on high-earners and increases in sales tax will go towards K-12. However, should the proposition fail, severe cuts to K-14 will be imposed. Since the election will not happen until November, K-12 schools and community colleges are gearing up for drastic cuts that may or may not happen. There is a new block grant for mandated costs which will pay community colleges on a per FTES basis without having to file mandated cost claims. The dissolution of redevelopment agencies (RDAs) increases the community colleges' share in local property taxes.

For SMCCCD, the revenue limit has been reduced so much that the district backed into basic aid status last year, which means the district is now self-supporting. Local property taxes and enrollment fees are more than enough to cover the district's revenue limit, hence, the district no longer receives state apportionment. Last year, SMCCCD gave back \$50 million of state apportionment to the community college system. Property taxes, now biggest driver of the district budget, are expected to go up 3.3%. While we may not receive apportionment, the district still continues to receive state funding for categorical programs. SMCCCD is only the 4th district in the state to become basic aid. If Prop 30 fails, some South Bay college districts may also turn basic aid. District staff continue to be in close communication with state representatives to ensure that legislation is not changed that will allow cuts to categorical funding for basic aid districts in the event Prop 30 fails to pass. The district refinanced its general obligation bonds

resulting in \$14 million in savings to San Mateo County taxpayers. SMCCD has one of highest credit ratings among community college across the state.

FY 2012-2013 Adopted Final Budget

Kathy Blackwood distributed the district's Final Adopted Budget for 2012-2013 and went over some of the important topics discussed in the budget book. For the second year in a row, SMCCD's operating budget was balanced using one-time funds/reserves. One-time funds had been set aside to be used in the event of state budget cuts. Since the district is now protected from further state cuts because of its basic aid status, these one-time funds are being used to help balance the budget. Next year, revenues from local sources are expected to exceed expenditures. The District has a settlement for all the bargaining units that will be voted on by the Board of Trustees – total package is 2.81%. The Board of Trustees heard concerns over the Child Development Centers (CDC) at Skyline and CSM and, last year, approved the use of redevelopment funds to balance their budgets to eliminate college and district transfers from the general unrestricted fund to cover the CDC deficits. The District has established a reserve fund for post-retirement benefits and subsequently created an irrevocable trust to build up resources to meet its \$125 million benefit liability over a period of 30 years. Property tax has increased on average 7% per year – we are up to 3.3%. Measure G Parcel tax is for 2 more years and brings in \$7 million a year for the district. An independent survey conducted in August among San Mateo county voters was very favorable and suggests the parcel tax could be renewed before it expires after FY 2013-2014.

Resource Allocation for FY 2012-2013

Eloisa Briones went through the resource allocation in detail for the benefit of the new committee members. She reported that part of the increase in the allocation for 2012-2013 is an adjustment to the original benefit allocation. She also reported that Skyline College has a balanced general unrestricted fund budget which includes a reserve for hourly instruction costs and permanent positions currently funded out of Measure G. If Measure G goes away, these positions will be prioritized in the general fund budget.

Eloisa also informed the committee that the ending balance for FY 2011-2012 was approximately \$1.2 million. With several years of budget reductions, the college units have not had the opportunity to request for funding for unbudgeted needs. Since it appears likely that the parcel tax will be renewed, Cabinet suggested that CBC allocate a portion of the college ending balance through the college budget process. These one-time funds should only be requested to cover expenditures that are not permanent and recurring in nature.

A motion was made and seconded to earmark \$500K for the allocation of one-time general fund dollars for the college's use. Deans and managers will work with their divisions and will submit prioritized budget requests (similar to the one used for Measure G) that shows each request's alignment to the college mission, vision, goals and strategies and fit into the Completion by Design framework. CBC will review the budget requests on October 25th.

Staffing Plan

Eloisa Briones reported on the discussion at the Institutional Planning Council (IPC) regarding the Staffing Plan Taskforce. Years ago, the Committee on Staffing for Student Success (C3S) began some groundwork in developing a college staffing plan. The staffing plan will be an

important tool for the college's short and long-term planning process. This will also inform the college strategic planning process. Several members of IPC and CBC volunteered to serve in this taskforce.

Next Meeting: October 11, 2012