Committee Review

Approval of Minutes for April 15, 2013: Approved

Approval of Agenda for June 3, 2013: Approved

Review of Old Business

- PAC-B Website Reorganization: Table to July meeting. The Committee should bring ideas in July. Sharlene asked the Committee to review the handouts illustrating the current website set-ups.
- Copy and Summary of Policy and Procedures on Program Discontinuance/Funding: Edel was not in attendance and this item will be continued to the July meeting.
- Email the Committee Forced Cost, Augmentation, and Equipment Lists: Done.

New Business

- Update on State Budget/May Revise: Sharlene showed a PowerPoint presentation that was provided by Theresa Tena, CCLC. It provided an historical context of what has happened in the State. The main points Sharlene highlighted were:
  - State revenue shortfalls led to base cuts in 2009-10 and 2011-12.
  - Categorical cuts of $313 million systemwide severely impacted districts. Our District institutionalized the positions formerly funded by categorical funds in the amount of $3.5 million.
  - Unfunded FTES – All districts cut back in 2009-10 and 2010-11 on class offerings to address their unfunded FTES that resulted from apportionment revenue cuts.
  - No COLA between 2007-08 and 2012-13 has had the effect of an 18.3% cumulative loss of revenue. COLA is for more than just salaries. COLA funds items like utilities increases, insurance, and steps and columns.
  - Sections have gone down 5-15% systemwide.
  - Fees went up from $20 to $46 per unit – a 130% increase over 5 years.
  - Access was lost and programs were put on hiatus or terminated.
Proposition 30 in 2012-13 is a temporary fix for revenue shortfalls. These temporary taxes kept funding flat for community colleges from 2011-12 to 2012-13 with 2012-13 revenues the same as 2007-08.

- 4-year sales tax increase
- 7-year income tax increase

Student Success Task Force has brought new expectations and accountability. Access and Success is the new mantra of the Community College System.

Per the Proposition 98 Guarantee, Community Colleges receive 11% of 40% of the State’s revenues. There is no Proposition 98 increase included in our District’s Tentative Budget. If there is an increase, and it is one-time funding, we might receive a block grant. One of the big problems with State revenue projections is that the Department of Finance and the Legislative Analyst’s Office don’t agree on revenue projections amounts.

**Highlights of the May Revise include:**
- Adult Education from $300 million to $30 million (grant to research)
- COLA $87.5 million – 1.57%
- Access $89.4 million – 1.63%
- Student Success/Matriculation $50 million
- Proposition 39 Energy Efficiency $51 million
- Online Education $16.9 million

**The Community College System is being rebuilt to be better/streamlined/accountable**
- The census proposal was withdrawn that would fund districts based on completion vs. Access
- Student Success Taskforce brings 2014 goals
- All students need to file a FAFSA to receive a BOG waiver
- Adult Education shifting to community colleges is on the horizon

**System Budget Requests**
- Restore foregone COLA
- True up each apportionment year
- Secure new funding
- Decentralize and allow what works best for the individual districts

Sharlene shared handouts from the CCLC/Scott Lay that illustrated the changes from the Governor’s January Budget to the May Revise:

- The Legislature is going through the process of discussing the May Revise. This did not occur last year. It went straight to the Governor for approval.
  - Growth is now referred to as Access
  - Matriculation funds are doubled – renamed Student Success Funding
  - Online Education received funds for statewide licenses, possibly Massive Open Online Courses (MOOCs), statewide website
  - Adult Education was put off another year
  - Deferral buy-down was included
  - There is new funding for COLA and Access
  - Lottery is projected to be up due to higher FTES
  - The Proposed Tentative Budget simulates the forced costs
  - Sharlene will give a budget presentation at the June 26, 2013 Board of Trustees meeting
**Update on District 2013-14 Tentative Budget:**

Sharlene shared COC’s Budget Development Process with the group:

- The 2012-13 Adopted Budget is rolled over and becomes the 2013-14 Tentative Budget.
- Program Reviews are completed and departments shift discretionary budgets between expense categories. Discretionary budgets are approximately $7-$10 million of the $70 million Fund 11 budget.
- Forced costs are submitted through Program Review. They are reported to Executive Cabinet and PAC-B.
- Salaries are calculated and each person is budgeted with steps using a salary database. Fringe Benefits are calculated based on the salaries.
- The Tentative Budget is a rough draft. The fund balance is one-time funding and could be used to fund emergency needs like a roof failure. We strive for revenues to equal or exceed expenses.
- In 2012-13, we cut $7.5 million, but still had more expenses then revenue and had to use fund balance to cover expenses.

**Review Forced Cost, Augmentation and Equipment Lists**

- Executive Cabinet members in attendance reviewed their forced costs with the committee:
  - Student Services – Mike Wilding
  - Districtwide – Sharlene Coleal
  - Business Services – Sharlene Coleal
  - Instruction Office – Joe Gerda
- If there are one-time funds available from the State in the final budget, such as a possible equipment block grant, Executive Cabinet will have a chance to look at the lists and determine the highest priority.
- Deans will let the faculty know their forced costs were funded and that they will be in the 2013-14 Tentative Budget.

**Set PAC-B Meeting Schedule for 2013-14:**

The Committee received the proposed list of meeting dates for 2013-14. The Committee agreed that the next meeting would be on July 15th.

**New Action Items**

- Work with Computer Support to add a link from the PAC-B site to the District Budget Section in the Fiscal Services Office Directory site. Cindy Grandgeorge
- Contact Computer Support to post the Forced Cost, Augmentation, and Equipment Request lists on the PAC-B website. Cindy Grandgeorge
- Send out meeting requests to the Committee for the dates listed on the new meeting schedule. Business Services

**Next Meeting**

*July 15, 2013*

**Meeting was Adjourned**
SANTA CLARITA COMMUNITY COLLEGE DISTRICT
PAC-B Committee Meeting
February 24, 2014

Minutes

Attendees

<table>
<thead>
<tr>
<th>Co-Chairs: Sharlene Coleal</th>
<th>Edel Alonso</th>
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<tr>
<td>Administrator/Confidential Members</td>
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<tr>
<td>√ Amin, Anais (Student)</td>
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Committee Review

Approval of Minutes for December 9, 2013: Motion by Wendy Brill, Second by Miriam Golbert

Approval of Agenda for February 24, 2014: Motion by Wendy Brill, Second by Miriam Golbert

Review of Old Business

1) PAC-B Website Reorganization: PAC-B website needs reorganization. Barry is in Advancement Team and will not be able to make it to PAC-B but will be available for consulting as needed. Sharlene asked who was willing to be on a task force for reorganization of the website. Wendy suggested sending out a meeting request to the group and seeing who joins the task force. Wendy also suggested having the meeting March 10th at 3:30 as a preliminary and then follow-up with the member who would like to join on a regular basis.

2) Budget Development Process Chart for Decision Making Guide for PAC-B: Edel, Sharlene and Cindy met. We need to finalize the chart for Decision Making Guide. We will send a draft for the committee to review, but it may need to be finalized before the next meeting.

New Business

1) Review Meeting Dates - 2013-2014 and 2014-2015: Sharlene will attend the Association of Chief Business Officials Spring Conference May 19-21, 2014. The PAC-B May 19th meeting will be changed to May 12th due to Sharlene’s required attendance at the ACBO Board Meeting in Sacramento. Sharlene may have information on May Revise by May 12th, but if not, definitely by June 16, 2014. The group reviewed the 2014-2015 meeting dates and found discrepancies. The group revised the dates and new copy will be sent to the members. Motion by Allison Devlin, Second by Wendy Brill
2) **Overview of January Governor’s Budget for 2014-2015:** Budget this year includes one-time money and ongoing new funding for next year.

- Will completely eliminate deferrals with a combination of one time and ongoing money, then ongoing money could be used for something else in 2015-2016. This year we had to borrow a TRANS and it was a cost.

- **3% Access/Restoration in 2014-2015** we have leveled out (proposition 30)
  - FTES has leveled with Proposition 30 in 2012-2013
  - 2011-2012 base cut 10% 13,900 FTES
  - 2011-2012 10 % Base dropped us to revenue level of 5 years ago
  - 2013-2014 received new money 1.63% access about 200 FTES
  - 16,500 FTES 5 Years Ago
  - If we get 3 % growth in 2014-2015 and 2015-2016 we would be back to where we were 5 years ago. That is why it is called restoration and not growth. When they pay back deferrals then we don’t get new money we just don’t have to borrow.

- **Student Success AB 1456** – critical support for counselors and education plans, but is a big puzzle. We match $3 million to the State’s $1 million. Now there is more pressure for District match as 3SP is increasing. Future increases in 2015-2016 may have less match required. This $1 million should help with the unmet need.
  - There has been a lot of discussion about unmet need, underserved, and underrepresented. Need definitions of each and how to identify/quantify.
  - The State Chancellors Office was approved to hire nine new people to help to support statewide performance.
  - In our community a very low percent do not have a high school diploma.
  - Jerry Buckley commented that this tracks back to Obama’s 20/20 initiative to double the number of certificates and degrees.
  - Bob Maxwell asked a question: How will the money be applied? Sharlene said it is not defined yet – It is too early.
  - Bob asked a question: Is the State putting a lot of strings on the money? Sharlene replied yes and we must find a way to produce results.
  - No growth formula for 2014-2015. It will probably be an FTES allocation and then show what we did get more money.
  - Wendy commented that often students are undeclared. Students take classes to experiment and learn what they want to do. The Governor is all about getting the students in and out in two years; provide the core classes, AA, and certificates.
  - Jerry stated will get credit for 9 or more CTE units. There are people who come to just take a few classes with no degree or certificate goal. There is a limit of 90 units for financial aid. If a student takes a lot of basic skills or extra classes while waiting for open classes their financial aid will run out.
  - Wendy asked a question: How do you communicate the change in the State’s view to students and let them know they must declare a major and go? The group agreed that we need to prepare to be responsive to the funding sources; however the Governor provides the finding.

- **Deferred Maintenance/Instructional Equipment**
  - $875,000/$875,000 match
  - $875,000/$291,606 match

- **Proposition 39**
  - Jim Schrage says for 2014-2015, we should get the same as this year – $511,950
  - Not sure what the parameters will be

- **$2.5 million, Improve Statewide Performance** – not sure what parameters will be

- **No student fee increases**

- **Some categorical flexibility**

- **Redevelopment Agency (RDA) backfill is a huge help** – we were looking at $1.7 million shortfall last year
- **COC must get accepted to Cohort AB86** – Adult Education planning funding
  - We will be the fiscal agent for the planning grant
  - The plan will decide how to split the pie to provide adult education to our community
  - ESL
  - Citizenship
  - Small part of our non-credit – the money is compartmentalized

- **Managing expectations**
  - Exercise caution, this is only the January Governor’s Proposal
  - Proposition 30 is temporary – the State needs tax revenue to go up or will have a “fiscal cliff”
  - There is a recession every 5-7 years
  - CAL STRS 2015-2016 will probably see increases – huge unfunded liability will need to charge everybody more
  - Local control funding K-12 funded disproportionately for underrepresented students

3) **Forced Costs – Definitions:**
   - The group reviewed the forced cost choices in Program Review.
   - X = External (forces beyond our control, i.e. legal/contractual obligations, Risk Management, health/safety, utilities, insurance) – must Pay
   - C = Critical Operations (campus would shut down without these) – toilet paper
   - E = Enrollment Management/Growth
   - V = Department/Program Viability (crucial for the department to function)

4) **Strategic Goals – Should Tie to Program Goals**
   - The group reviewed the handout with the District’s 12 Strategic Goals
   - Jerry Buckley: Most college districts have goals similar to ours
   - The Question was asked: On which goals do we spend our money for new budget requests. Reports in August will roll up and sort by goals #1-12 so that we can see how planning integrated with budget and what goal corresponds.

5) **Review of Budget Transfers Board Approved 1/22/14 and 2/12/14**
   - Cindy reviewed the Budget Transfers that provided changes in the overall total budget of a fund. She highlighted changes in funding from various grant and categorical programs.

**Next Meeting - March 17, 2014: 2:00 p.m. – 3:15 p.m.**
   - For the next meeting, we will revisit a discussion of other funds. We have a list of funds that we give to Board of Trustees, etc., and will review the larger picture how funds are directed and where money comes from.
   - Measure M Committee: How are those funds are earmarked? The District will issue a new bond in a few months.
   - When new buildings are planned, we have committees work to design and furnish the space.
   - Edel and Sharlene met and Sharlene realized that not everyone understands the different areas of funding. We all need to understand the “Big” picture, where the money goes, and what is discretionary.

**Meeting was adjourned**
SANTA CLARITA COMMUNITY COLLEGE DISTRICT
PAC-B Minutes - February 27, 2012

Preliminary Functions
Agenda: Accepted
Minutes of October 17, 2011: Accepted

Review of Action Items

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<th>Item</th>
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<td>Modify 2012/13 Parameters, send to PAC-B</td>
<td>Donna Haywood</td>
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History of Revenue Reductions and Forced Costs

Sharlene distributed a handout entitled, "Santa Clarita Community College District Unrestricted General Fund History of Revenue and Expense Actuals." In 2011/12, our estimated expenditures are expected to exceed our estimated revenues by approximately $6 million. We were able to budget this shortfall and maintain a 6% fund balance for 2011/12 due to our healthy fund balance carried over from 2010/11. In addition, we are expecting another "trigger" cut in 2012/13. Sharlene is planning to do a special presentation to PAC-B that will include how State funding works and what all the terms mean such as Base, COLA, Trigger, and Mid-Year Cut. A PAC-B member asked if Sharlene could send the committee a copy of "P1" (First Principal Apportionment statement). Sharlene stated that it was very complex and would like to provide PAC-B with some training and other materials first so that they could get the most benefit from a discussion about P1.

Action: Schedule PAC-B Training Session on “State Funding”
Responsibility: Sharlene Coleal

2011-12 Budget: Update on Mid-Year Cuts

Sharlene distributed a handout entitled, "History of State Apportionment Funding - Additions to Base Funding." Each year, the base revenue is augmented by additions such as our basic allocation for the opening of our Canyon Country Campus, Equalization, COLA, and Growth. The sum of these items then becomes the new base for the succeeding year. The process is then repeated each year. Notice, however, that after 2007/08, those augmentations that would add to our base are practically non-existent. We have had no COLA since 2008/09 and very little Growth funding. There were significant cuts in 2008/09, and base cuts in 2009/10, 2011/12, and estimated in 2012/13 (with no taxes and a new trigger cut). This has resulted in a structural deficit for us in 2011/12, continuing into 2012/13.
2011-12 Fund Balance History

Sharlene distributed a handout entitled, "California Community College Districts Unrestricted General Fund Ending Fund Balances by District." This is a list of all 72 districts and their fund balance percentages (sorted high to low) over the last six years. SCCCD ranks 41st out of 72 districts. Between 2010/11 and 2011/12 the District is using fund balance dollars and the ending fund balance is projected to decrease. For 23 districts, this was the trend, as fund balances have been used up to offset the drastic State base revenue cuts. The chart illustrates how many districts' fund balances are decreasing significantly in 2011/12. A PAC-B member asked if it is a law or just a recommendation of what percentage a district's fund balance should be. Sharlene responded that our Board of Trustees has historically set COC's fund balance goal to be no less than 6%. In the past, the California Community Colleges Chancellor's Office had a "watch list" and would monitor any district that fell below 5%.

2012-13 Governor's Budget Proposal

Sharlene distributed a handout entitled, "2012-13 Governor's Budget Proposal - ACCCA/ACBO Conference Update." Side one of the handout shows State Budget Highlights, while side two shows Community College System Budget Highlights. We expect to have a budget on July 1, 2012 with approval by the Legislature by June 15, 2012 due to Proposition 25 (legislators want to avoid a pay freeze for non-compliance). There would be no cuts if new taxes were approved, and part of the Community College deferrals would be "bought back." Without the November 2012 Tax Initiative, we can expect major cuts. The State Chancellor's Office has directed districts to budget the cut that would occur if the taxes are not approved. There are other budget proposals, but those are unclear at this time. They include eliminating SB361, the Community College current funding model, and new funding beginning in 2013/14 that would address the Student Success Task Force findings. Sharlene is monitoring these proposals.

Joe Gerda shared that the District will be increasing the number of sections in Summer 2012 and Fall 2012, and decreasing the number of sections in Spring 2013. Summer is being increased due to less ISA FTES in 2011/12. Fall 2012 is being increased and Spring 2012 will be decreased as the District would like to re-balance the number of sections in Fall versus Spring.

Questions/Discussion

"What will be the effect of the BOG waiver criteria change?" The Student Success Task Force is evaluating the effect of moving from a 2.0 GPA requirement to a 2.7 GPA requirement to be eligible for BOG waivers. We don't yet know the full impact, however, we can suppose that this requirement might increase enrollment fee revenue, although it will hurt our most needy students.

"How will the 50% Law affect our decisions?" There is talk about suspending the 50% Law temporarily, however, so far no district has defaulted on their 50% Law obligation. If class sections are reduced, it will put a strain on an already delicately balanced 50% Law calculation.

"What about the FON? Is there a penalty if we are short?" Right now, our FON (Faculty Obligation Number) is frozen at 182.8. We are currently about 4.7 above our FON. The penalty for not achieving your FON is $60,000 for each faculty you are short. If you have retirees who declare their retirement at least 45 days before the end of the current semester, you would be required to replace that faculty in the next semester (if needed to reach your FON). If the retiree declares their retirement less than 45 days beforehand, you have one extra semester to recruit and replace them, if necessary.

"Is there a chronology of the budget cuts that have been made in the last few years?" Yes. There should be a list for each area that can be identified.
The group discussed the role of PAC-B. It was mentioned that historically PAC-B's role was to prioritize augmentation and equipment requests when funds are available. In the last few years PAC-B reviewed forced costs prioritized by Executive Cabinet members. Greg indicated PAC-B's job is to sort out requests for new money (augmentations). Sharlene discussed that cuts are proposed by Executive Cabinet members to be entered through Program Review and confirmed by Business Services. One member indicated PAC-B is an advisory body whose members need to be present at each meeting so that they leave with the same message to share with their constituents. PAC-B needs to understand the numbers in order to bring ideas forward with common messaging.

Meeting Schedule

Our next meeting will be scheduled for March 26, 2012 at 2:30.  
The first half hour of this meeting will be a training session on Apportionment.