

Minutes

District Committee on Budget & Finance

April 17, 2018

2 p.m.

District Board Room

Attendees:

Kathy Blackwood, Eloisa Briones, Tony Burrola (absent), Mary Concha Thia, Judy Hutchinson, Barbara Lamson, Vincent, Li (absent), Steven Lehigh, Mark Helsel (absent), Michelle Marquez, Ludmila Prisecar, Jan Roecks, Bernata Slater, Michelle Tam, Diana Tedone (absent), Linda Whitten, Bob Zhao

Guest/s:

Agenda topics

Budget Update/State News

Blackwood

Kathy and Bernata attended the Fiscal Advisory workgroup on Friday, April 13. This is the group that was reconstituted from the SB361 work group that did the last funding formula. Since 2017, the group had been tasked with reviewing an updated formula that included outcome based presentations from different states throughout the country. In the fall, recommendations were forwarded primarily on principles on what the formula would include.

The Chancellor's Office presented their proposal and showed their simulation. The simulation is very complex filled with formulas. This revised version appears to have slightly changed based on what came out in January after allowing the CBO's and CEO's provided feedback. The seven year timeline proposed by the CEO's for implementation seemed unrealistic. The final proposal will not be revealed until the May Revise. The good news is that the new funding formula would not affect our District as we do not receive State funding.

There were some differences in the proposal. All available money was lumped into one big pot regardless of source. The Governor had proposed \$175 million to implement the proposal. This is how much they figured it would take to provide 40 plus districts hold harmless. This means no district would receive less money than it did in 2017-18 for 2018-19. The new funding formula allocates \$161 million was allocated for COLA and \$60 million for growth. For 2019-20, the rate would remain the same for FTES as 2018-19 without COLA.

Additionally, there was \$81 million for Physical Plant and Instructional support monies that was used to support the formula. This is ongoing money that has been allocated one-time every year with the idea that if a recession hits, it is not severely felt. Our share of \$81 million would be about \$1.2 million.

The base allocation represents 60% of the total pot. It consists of the current formula for a base amount depending on the size of the district and number of colleges and centers. On top of that, districts would get a dollar amount divided by FTES funding expected to be about 60% of current funding, which is currently \$5,000/FTES.

The Supplemental Grant (20%) would go towards the number of students we have that are either PELL grant recipients or AB540 students or are first generation college students or both. It appears that many students may not have checked the box on the CCCApply application form to identify them as first generation as this is not a required field and therefore would not capture any data. This funding was supposed to also address

poverty or need and does not address the issue of equity.

The Student Success grant (20%) is based on outcomes. There are points awarded for students who reach certain outcomes. For example, 4 points is awarded for each student that completes transfer level Math and transfer level English in the first year. Another 4 points awarded for Associate Degree for Transfer (ADT). There are no points for basic skills. 2 points are awarded for Associated Degrees and 4-year degrees and 2 points for CDC. The incentives are CTE credits which is 2 points for 9 credits and or Enhanced Non-Credit (16 units). These points will eventually translate to dollars after summing up the totals divided by the points.

There will be a new California College Promise Program which would be categorical program that includes Student Success, Student Equity, and Basic Skills all of which were consolidated to one single plan this year. We currently get a total of \$3-\$4 million for those three programs. AB19 would also be rolled into this requiring the need for a pathway of dual enrollment with a local high school and a federal loan program.

The block grant for mandates would also be rolled into the Promise program. Mandates cover things like costs of collective bargaining, health services and others. Currently we receive \$28 per student if no claims are made. Kathy believes we will meet all the requirements of AB19 and receive funding.

In the simulation of the new model, it appears there would be nine (9) districts that lost between a few hundred thousand to \$9 million and one district had an increase of 29%. Kathy would be interested but has not seen multi-year projections or scenarios that consider a recession and workload reduction. Some issues were discussed regarding CBO recommendations. (1) One major recommendation was to pull out noncredit courses and fund it out of the current model. The rationale for this is that noncredit students do not fill out FAFSA, PELL, or BOG since there are no fees. Noncredit is uneven throughout the State. San Diego and San Francisco have more non-credit than most districts. The CBOs proposed to use credit FTES and calculate 2-year average the first year (eliminating summer shift) then use a 3-year average thereafter. (2) Also pull out Instructional Service Agreements (ISA). (3) Change the weighting to increase Associate and Bachelor's from 2 points to 3 points and add transfer for paired metric to 3 points as well as lower CTE from 2 points to 1 point. (4) Cap the amount of increase at 15% or reasonable amount and allocate the difference to all districts to ensure that each receives a minimum of the statutory COLA. (5) Remove mandate costs block grant out of the Promise categorical.

Although we would not be funded using the new formula, it would be used to calculate our revenue limit and in this case, SMCCCD's revenue limit will increase. Other districts close to being community supported would be further away from getting there. A constitutional amendment was passed a number of years ago to protect community supported districts from the State taking away property taxes. Note that a large percentage of K-12 is community supported (130 out of 950).

There is also a proposal for a faculty program using existing money (\$62 million) from 2015-16 allocation, allocated based on what percentage of instruction is taught by full time faculty. The existing model is allocated per FTES. It is used to increase the faculty obligation number (FON) and if already reached allows use of funds for part time faculty. This would create a categorical.

It was clear that the Department of Finance and Chancellor's Office do not agree on all points of the funding formula, such as the 3-year averaging.

There could be more intensive lobbying from various groups between now and the May Revise. The Legislature will likely vote according to advocacy from their constituencies.

Kathy has not heard much recently about the Online College proposal. She does not know at this point where funding would be coming from. Majority of our online students are local and/or resident students. They are also the same students who attend our Colleges face to face in the classroom. Kathy reminded faculty to cautious about enrolling out-of-state students since each state has its own rules about online

courses as we are not allowed to offer online courses to students from another state without being registered with that state. Filtering these students is usually done by the Admissions and Records office.

The Mid-Year Budget report was distributed and is noticeably less in volume. The intent is to simplify and shorten the document.

Update on Promise Program/Innovation

Blackwood

There is not much to report regarding our local Promise Program. There have been ongoing meetings with small task groups and another is scheduled with the large group at the end of April.

All three Colleges have set goals of 500 students each to enroll in the program. We received State grant funding for the State Promise program of around \$1.5 million that will not be entirely spent. The goal of 900+ students in 2018-19 plus what is left of the \$1.5 million should be sufficient to fund Promise students. Enrollment has already begun. Remember that the Board approved money for students not money for the Colleges to administer. AB19 could help with administration costs.

The Innovation funding for one million allocation has not yet been finalized for 2018-19 but Kathy hopes that a decision from Cabinet will occur fairly soon.

Mitch Bailey is working with a marketing team on the branding of the SMCCCD Promise Program. Kathy's understanding is that each College will have a slightly different brand of the program and that could be the First Year experience, etc... but the grant itself is called Promise Scholarship.

Public Safety/Other Issues

Blackwood/All

There were forums held at the Colleges and District Office both during the day and evening. The presentations were held to share the findings and recommendations of the Public Safety study.

At the last Board meeting, the Board of Trustees asked for more options and six were offered.

Option 1—Same as current which is non-sworn, non-armed but fully staffed (1 supervisor and 1 officer)

Option 2—Armed, sworn police department which the County and Cities opposed

Option 3—School Resource Officer where local law enforcement would provide one officer per College per shift five days a week. This is the most expensive as we would have 100% of the cost.

Option 4—Non-sworn but armed (carries weapon that is seen)

Option 5—Non-sworn but armed but concealed (retired officers)

Option 6—Contract out for armed security

There are pros and cons to each option. Feedback from the forums will be shared at the next Board meeting. It is not likely that a final decision will be made by the Board at this meeting.

If available, Linda asked Kathy to send a summary of the May Revise districtwide.

Next Meeting

Committee

Next meeting scheduled **Tuesday, May 15th at 2pm.**