



District Committee on Budget & Finance
January 22, 2019
District Board Room, 2 – 4 p.m.

Attendees: Bernata Slater, John Burrignt, Mary Chries Concha Thia, Judy Hutchison, Steven Lehigh, Vincent Li, Graciano Mendoza, Martin Partlan, and Ludmila Prisecar

Absent: Eloisa Briones, Tony Burrola, Pearl Ibeanusi, Nick Kapp, Tamarik Rabb, and Jan Roecks

Guests: Paul Cassidy, Peter Fitzsimmons, Barbara Lamson, and Michelle Marquez

Called to order at 2:04 p.m.

1. Five-Year History of Inter-Fund Transfers

In response to a request from Lehigh at an earlier meeting, Slater walked the committee through the chart illustrating a five-year history of inter-fund transfers by fund that was emailed previously to the committee that was developed by Blackwood prior to her retirement. Generally the type of transfers that happen from Fund 1 to Fund 2 are related to insurance; the type of transfers that happen from Fund 1 to Fund 3 are related to transfers to support categorical programs; the type of transfers that happen from Fund 1 to Fund 6 are related to supporting the Child Development Centers, as needed (similar to Fund 3); the type of transfer that happen from Fund 4 to Fund 6 are related to supporting the Child Development Centers from Redevelopment Agency Pass-Through Funds; the transfers from Fund 4 to Fund 4 are intra-fund transfers and represent all type of transfers between projects/programs within the same fund; the transfers from Fund 1 to Fund 4 represent the transfer of residual funds to Fund 4 to set aside for a variety of projects that are not currently funded by Measure H; the type of transfer from Fund 1 to Fund 8 represent residual funds in Fund 1 that are transferred to the OPEB fund to pay for retiree benefits. Lehigh inquired as to the budget in Fund 4 and that it appears that surplus funds are being moved to Fund 4. Slater acknowledged that the organization can do a better job with its budgeting to reduce the amount of residual funds. The organization is in the process of cleaning up the budgets in Funds 18xxx which could be used instead of Fund 4 to account for the residual funds at year-end. Lehigh stated that the unknown component seems very large – transfers from Fund 1 to Fund 4 seems to be the largest amongst all the transfers. He didn't recall any discussion regarding this at the committee and opines that the process is not very transparent and that Central Services is the largest contributor. He went on to state that FHDA has a very transparent model. Slater responded that SMCCCD can use this model and supports transparency. She went on to state that it is her desire to strive towards improved reporting to the committee and that the adopted budget does contain some information; however, more detailed information can be further provided in the spirit of transparency. Her thought is that the organization can report at the site level and provide a variance between the budget and actual expenditures once the books are closed at year-end. Lehigh asked if that can be done for the past five years. Slater responded in the affirmative. Lehigh stated that his interest is primarily Central Services and not the colleges. Prisecar provided an example for CSM – If CSM ended the year with an ending fund balance of \$1m in Fund 1, they may move this surplus to Fund 4, which there may not yet be a plan but will have the resource when there is a need (e.g., instructional equipment). Lehigh responded that it appears that the organization is transferring a lot of residual funds to Fund 4 with little to no discussion at the committee. Slater restated that the organization can improve in this area by sharing more detailed information. Lehigh asked if the organization had a sense of what is needed for non-bond funded projects. Slater advised that there is frequent communication with Facilities and provided a recent example of \$23m not being funded by the State despite receiving previous approval from the State. Slater committed that in the future information will be

provided at site-level detail and an explanation as to the transfer. Lehigh mentioned that the transfer from Fund 1 to Fund 4 didn't seem to happen prior to the District's basic aid status and inquired as to the timing of the decision to fund projects in Fund 4. Slater responded that, with regards to the State rescinding the approval of the \$23m, the District is currently appealing this decision. The decisions at the State drive these type of local decisions to ensure that the organization has funding available. Lehigh asked when the decision to transfer the \$13.6m from Fund 1 to Fund 4 was made. Slater responded that these decisions are made at year-end once the residual funds are known. Lehigh confirmed that these are truly surplus funds. Slater responded in the affirmative.

2. FY 2017-18 Projections to Actuals

Lehigh had requested this agenda item at a previous meeting. Slater advised that this request is related to the afore-mentioned agenda item and that the organization doesn't complete projections, per se; however, there is district-wide information contained in the quarter-end reports and mid-year report. If interested in revised budget versus actuals at a lower level, Slater recommended contacting the college business office for the data as the afore-mentioned reports are primarily at the district level. Lehigh asked what caused Central Services to be so far off from its actuals to projections. Slater responded that it was likely because of the way the District budgets COLA in Central Services before it is distributed to the sites. In the interest of time, Slater invited Lehigh to continue the discussion with him offline to review the source document together and bring the results back to the committee.

3. CCFS-320 (FTES Report)

Slater introduced the topic and advised the committee that the report contains annualized data as of P1 (Period One – or January 15th), which is a report that illustrates FTES by resident / non-resident by college. Slater went on to walk the committee through how to read the report. The report noted that Resident FTES is down by 3.5% from prior year and down 5% for non-residents. CSM had a large international cohort that graduated contributing to some of the non-resident decline. Hutchinson inquired that this is annualized data to which Slater responded in the affirmative. Slater advised that the data will be updated at P2 (April 15th) and at Annual (July 15th). Roecks reaffirmed that the report includes a separate report for each college. Prisecar reminded the committee that FTES generation has an impact on categorical funding. Slater confirmed this and spoke briefly to the Student Centered Funding Formula (SCFF) and reminded the committee that this formula doesn't impact basic aid districts for general apportionment purposes. Hutchinson asked which categorical programs the State may apply the SCFF to. Slater stated that it is unknown at this time.

4. FY2018-19 Allocation Model – Miscellaneous Tab

Briones inquired at the previous meeting as to why the decrease in the current year with an increase in the out years. Slater stated that the decrease was due to a decline in the salary and benefits budgeted in the Fund 18xxx accounts and managed hiring. The District reinstated the one-time decrease in FY2019-20 and FY2020-21 in case the organization needed it; however, this will be revisited for FY2019-20 as more information is known as the Allocation Model is updated for FY2019-20.

5. Governor's Proposed FY2019-20 State Budget

Fitzsimmons highlighted items that were included in the CCCC Joint Analysis document that was emailed to the committee. The items included: Funding the California Promise for a 2nd Year; Funding STRS to decrease the employer costs by 1% over the next two years; Funding the development of a statewide longitudinal student data system; providing a 3.46% COLA for general apportionment (does not apply to basic aid districts) and certain categorical programs/ Funding .55% for growth (does not apply to basic aid districts); maintaining the funding percentages amongst the three factors (base allocation, student success allocation, and

supplemental allocation) from FY2018-19; The Changes to funding certain program (highlighting the decreases to the Strong Workforce Program and Deferred Maintenance/Instructional Equipment, and certain augmentations to the State Chancellor's Office. Prisecar inquired if the CRM was relational to the Longitudinal State Proposal. Committee members responded that there wasn't a relationship. Marquez mentioned that the State is attempting to connect fragmented databases. Lehigh asked if the employer costs for STRS comes from the total compensation calculation and, if so, how would that change the amount available. Slater responded that there would likely be approximately \$500k available for AFT given the reduced cost to the District, if the Governor's proposal is adopted.

6. Future Agenda Items

College Hiring Processes: there was a request for the colleges to advise when to put on the agenda. Lehigh requested a report illustrating the distribution of staffing changes by group since the organization became a basic aid district. Prisecar asked that the requested report differentiate between Fund 1 and other Funds. Mendoza added that the report should illustrate FTE (not headcount). Fitzsimmons committed to follow up with Mitchell on other two items: Scholars Promise Program Update and the CRM Initiative.

7. Public Comment

There was a brief discussion as to the committee membership (at the beginning of the meeting). It was noted that CSEA does not have a member. Slater advised that a communication will be sent to CSEA asking for an appointment. There was also a discussion with regards to postponement or cancellation of the May meeting do to a scheduling conflict. A decision was made to cancel the meeting with the understanding that any relevant materials (FY2019-20 Tentative Budget, etc.) would be emailed to the committee.

8. Next Meeting: February 19, 2019

Meeting adjourned at 3:32 p.m.