Members Present: Brock McMurray, Amanda Bauer, Bill Devine, Sheri Horn-Bunk Jo Ellen Patterson, Geoffrey Dyer, and Sally Cobb (sitting in for Student Rep Kayla Meyer)

Members Absent: Fernando Lara

Guests: Justin Madding, Recorder

The Budget Committee meeting of February 21, 2018, was called to order by Brock McMurray at 9:00 a.m.

1. Minutes
The minutes from January 31, 2018, were reviewed. Corrections to page 3 were requested. The minutes with changes were approved by consensus.

2. 18/19 Budget Development Calendar
McMurray covered the February calendar items with the committee. He said that this is the start of our local budget building process.

3. Preliminary Revenue Assumptions and 4. New Funding Formula
McMurray said that he and Bauer and our regional CBO group have looked at the proposed new funding formula and done a number of simulations. The formula is pretty fluid at this point. The old formula was based solely on FTES. Now only about half will be based on FTES, 25% based on success indicators, and 25% based on student need indicators. The question is, how do you measure this? We have looked at several simulations. Some look good for us, and some are not favorable for us. There is a hold harmless for next year, but even that would be a problem because of step & column and STRS & PERS increases. We would already be over-budget.

Dyer asked McMurray to talk about basic aid and how that relates to the new formula. McMurray said that we get funded by a State formula and local tax dollars. Basic aid is when your local tax collection would result in higher funding than the State formula. We were a basic aid district many years ago, and we got locked in at that higher basic aid funding rate. The result is that we get a higher rate base per FTES. McMurray proceeded to explain base and marginal FTES rates. The current rate increases with COLA. Now we are asking if they are throwing out our old FTES base rate. In the new formula we will still get our FTES rate for 50%. Where we get hurt is on PELL and BOG calculations. The newest simulation puts us down over $1 million.

Horn-Bunk asked, doesn’t the State give us money for STRS and PERS? McMurray said yes and no. A lot of the money has been earmarked, so it can’t be used for general operation.

Dyer asked for further explanation on how we are hurt on the “need” component of the new formula. McMurray said that in the trailer bill it is calculated one way, but the Department of Finance calculates it another way. Dyer said that he is just thinking of the different plans we have that we may be able to use to leverage the gaps in the funding formula. McMurray said that Dyer is right. When we find out exactly what the parameters mean, we will then try to maximize funding for things we have been doing for years. Dyer said that in the Guided Pathways workgroup we are asked to identify funding sources, etc. He said that we need to focus those efforts with the funding formula in mind. McMurray said that when we have clarification on the funding calculations we will have to focus.
McMurray said that the recommendation from the Chancellor’s Office is to base our revenue assumptions on revenues from this year, plus COLA. We need to hold and see what happens.

Sally Cobb asked what is the reason for the change. McMurray said that there has been talk for years about funding based on success, but a 50, 25, 25 funding split is extreme. In California we are already funded for success and need with SSSP, Equity, and BFAP, etc.

The committee discussed the change from access based funding to performance based funding, and the change from enrichment to only providing what is needed for employment.

5. **Budget Update**
   Bauer said that this week we are getting the software development setup and meeting with budget managers. Hopefully next week we will be in position to start development in Banner. McMurray said that we will build the budgets to include step and column and COLA increases, but flat at the 4000s and below. We will then see how over-budget we are.

6. **Facilities**
   McMurray said that the Student Center is moving forward. There is no significant update from last meeting.

7. **Other**
   Dyer said that on February 2, 2018, Governance Council looked at the APR Funded Items. The Division Chairs in Governance Council did not fully understand “Funded”.

   The committee discussed the funding of APR resource requests.

   Meeting adjourned at 10:30 a.m.

   Respectfully submitted by:

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   Justin Madding