

## District Budget Advisory Committee (DBAC)

### Meeting Notes

June 26, 2018

1:30 – 3:00 p.m.

#### **Attendees:**

Lisa Drake – Representative, Foothill Academic Senate

Kevin Harral, Representative, AMA

Gracian Lecue, Representative, CSEA

Kevin McElroy – Vice Chancellor, Business Services, Chair

Paula Norsell – Representative, Confidentials and Central Services Classified Senate

Dorene Novotny – Vice Chancellor, Human Resources

Sirisha Pingali, Director, Budget Operations

Kathy Perino – Representative, Faculty Association

Frank Rocha, Representative, POA

Martin Varela, Representative, De Anza Administration

Myisha Washington, Director, Human Resources

Bret Watson – Representative, Foothill College Administration

Chris White – Representative, ACE

Meeting began at 1:35 p.m.

#### **Review 2018-19 Tentative Budget**

Vice Chancellor McElroy reviewed the [2018-19 Tentative Budget](#) adopted by the Board of Trustees on June 11, 2018. He explained that since the governor and legislature had not reached agreement on the new funding formula at the time the budget was prepared, revenue figures were based on the traditional (i.e. SB 361 formula based on number of full time equivalent students) funding formula and would change substantially before the final budget is adopted in September. He noted that a slide was inserted at the end of the [presentation](#) given at the Board meeting to reflect how the district's three-year budget model might look under the agreement reached by the governor and state legislative leaders just prior to the meeting; however, there was still much that was not clear concerning the implementation of the new funding model at that time.

#### **New Funding Formula**

Vice Chancellor McElroy shared an updated three-year budget model developed with the assumption that the new funding formula would provide a one-time cost of living adjustment of 2.71 percent (\$4,007,600) and a two-year hold harmless provision that would protect the district's base funding from the impact of the 2017-18 enrollment decrease until 2020-21. Under the previous funding formula, the enrollment decrease would have resulted in an ongoing revenue loss of \$7,650,000 starting in 2018-19. He noted that the model does not reflect salary adjustments related to the district's tentative agreement with the Faculty Association.

Since early simulations released by the California Community Colleges Chancellor's Office showed the district receiving \$11-14 million less in funding under the new formula, Vice Chancellor McElroy explained that the model assumes the district would be funded under

the hold harmless provision that guarantees funding at 2017-18 levels, adjusted for cost of living. He commented that the Management Information Systems (MIS) data being used to create the simulations hasn't been audited, and there is little confidence in the validity of the data among chief business officials. Referring to a page of the Senate Floor Analysis of AB 1809, the higher education trailer bill, handed out during the meeting, Vice Chancellor McElroy explained that the hold harmless provision appears to be for three years, rather than two, and the cost of living adjustment will be compounded each year. He offered to send the committee a link to the full [trailer bill](#) following the meeting.

Kevin Harral pointed out that while the colleges have little control over the population of students who attend, plans are underway at Foothill to capture more College Promise eligible students by encouraging those who self-eliminate to apply for financial aid. Kathy Perino noted that changes related to AB 705 will theoretically help students complete faster, which could help the district with the student success component of the formula.

Commenting on the importance of continuing to match ongoing expenses to ongoing revenue, Vice Chancellor McElroy noted that in 2021-22, the district will see a marked decrease in funding unless it adequately adjusts to the new formula.

### **Questions/Input**

In response to questions from Kathy Perino, Vice Chancellor McElroy explained that the budget offices are working to apply district data to new funding formula metrics to try to replicate the numbers in the budget simulations. He added that he expects the California Community Colleges Chancellor's Office to come out with the actual simulations by September, but since the due date for MIS data is not until October, the district may not have a clear picture of the impact of the funding formula for some time.

Kathy asked for information about Strong Workforce Program funding, and Bret Watson offered to send links to the [allocations](#) and [guidelines](#).

The meeting adjourned at 2:20 p.m.