



Budget Allocation Model Task Force Meeting Notes for January 14, 2021

Members In Attendance:

Adil Ahmed, Interim Vice Chancellor for Finance & Administration
Thomas Renbarger, Academic Senate President
Tami Taylor, Interim Budget Director, Finance & Administration
David M. Johnson, President, Merritt College
Donald Moore, DAS President
Jennifer Shanoski, President PFT
Rudy Besikof, President, Laney College
Richard Thoele, Classified, President Local 1021
Jasmine Martinez, Classified Senate Representative, BCC
Derek Pinto, Vice President of Administrative Services, Laney College
Scott Barringer, Local 39 Representative
Tina Vasconcellos, Vice President of Student Services, College of Alameda
Richard Ferreira, Executive Assistant, District Finance & Administration, Note taker
Joan Davis-Pinkney, Staff Assistant, Finance (Notes)

Members Absent:

Angelica Garcia, President Berkeley City College

Guests:

C.M. Brahmhatt, Consultant, Cambridge West Partnership
Royl Roberts, District-Gen Counsel & Chief of Staff
Dr. Nathaniel Jones III, President, College of Alameda
Stacey Shear, Vice President of Student Services, BCC

I. Agenda Items

1. Standing Items

- a. Called to order: 1:35 pm
- b. Adoption of the Agenda for January 14, 2021 – Amended with approval.

Presentation from Cambridge West Partnership was added. Presented by C.M. Brahmhatt.

It was noted that William Love and Anita Black passes away.
Once plans are finalized this will be communicated for others to attend.

C.M. Brahmhatt stated he would bring 5 years of data for FTES and also income and expenses for each college and the district at the January 28th meeting.

Dr. Nathaniel Jones mentioned being listed as a member, it was noted by the Task Force that it may need to be approved by the PBC and to table the item for now. His contributions are welcomed.



Peralta Community College District

2. Approval of Notes from the previous meeting

Notes approved from the previous meeting on December 4, 2020.

3. Set meeting schedule

There was a confirmation that meetings are to be scheduled for the 2nd and 4th Thursday of each month at 1:30pm. A reoccurring meeting invite will be sent starting for the January 28th meeting.

Proposed the next meeting(s) be:

January 28, 2021 at 1:30 pm

February 11, 2021 at 1:30 pm

4. Revised FY 202-21 Budget - Adil Ahmed, Interim Vice Chancellor

The information presented today will be presented to the board. He reviewed the items and discussed in detail the reason for the Budget Revision. Due to a discrepancy in between PCCD and the State's calculations for FTES that were used in the SCFF have been identified and corrected. This was completed within the time allotted to the District to address and correct any structural deficits and adjust our budgets during the Hold Harmless period over the next three years. The Hold Harmless will end FY 2023-24 (Spring 2024).

The presentation included that our records indicated under total SCFF calculations we had \$120,661,726 million and the State Chancellor's Office had \$114,496,489 a difference of \$6,165,237. We reported that the Hold Harmless protection adjustment was \$3,807,264 and the State had calculated \$7,125,422 which is a difference of \$3,318,158. Therefore, our total computation revenue is actually \$124,468,990 to the State's \$121,621,911 with a difference of \$2,847,079.

This means that we overstated revenue by \$2.8 million. Moving forward we will use the P2 numbers that will be available in April and the District must live (and spend) within its' budget beginning FY 2024-25. If the Student Success metrics continue to decline the Hold Harmless dollars will increase. Overall we are in good shape. This information will be presented to the Board of Trustees with the following suggestions. Begin discussion on how to address the structural deficit, suggest areas in reduction in the Faculty Obligation Number (FON), implementation of the Supplemental Employee Retirement Plan (SERP), freeze some vacant positions, and/or reduce discretionary districtwide budget by 5%.

The Peralta District has a Cash Flow of approximately \$25 million in reserve, which allows us to operate for two months. This is common practice and not a concern at this time.



Peralta Community College District

It was noted that the Presidents of that colleges decide on what they want to do to increase their enrollment.

5. Governors' Proposal - Adil Ahmed, Interim Vice Chancellor

The Governor's January 8th Budget proposes to buy down a significant portion of the 2020-21 deferrals. That is good news for us as it potentially eases some of the pressures around cash flow management.

The 2020 Budget Act extended the Student Centered Funding Formula (SCFF) existing minimum revenue provision (aka the "hold harmless" period) by two more years, through 2023-24. Under this provision, districts will earn at least their 2017-18 total computational revenue, adjusted by Cost of Living (COLA) each year, if applicable.

Proposition 98 funding for 2021-22 is the substantially different cost-of-living adjustments (COLA) provided to the community colleges. The Governor's Budget provides a COLA of 3.84% to the Local Control Funding Formula to make up for the lack of COLA in 2020-21. However, the proposed COLA for the Student Centered Funding Formula is 1.5%.

Information regarding other Districts were presented to demonstrate that it is common place for Districts are under the Hold Harmless due to declined enrollment.

It was noted that there are other colleges which are also in the same financial situation as the Peralta District. For example, Los Rios District is one of the best schools and they are at 5.2 million Hold Harmless.

It was noted that the Audit Findings are to be finalized next week and then will be submitted to the Board of Trustees. It is possible the audit findings we will have are repetitive regarding Financial Aid and will need to be resolved. The State extended the deadline to respond to January 31, 2021 due to COVID.

6. Student Centered Funding Formula (SCFF) and the Attendance Report (CCFS 320) Apportionment Report – C.M. Brahmhatt with Cambridge West, Partnership

It was noted that the information provided are all precursors to the Budget Allocation Model and the more we understand, the better we will understand the BAM. Student Center Funding Formula (SCFF) status, Attendance Report (CCFS 320) Apportionment Report.

Mainly items discussed were Enrollment (FTES), Supplemental – Count of low income students and Student Success. There are major changes to the SCFF with the three funding components remaining unchanged at 70% for the Base, 20% for the Supplemental and 10% for the Student



Peralta Community College District

Success. Any District that uses the Hold Harmless to balance their budget will not be prepared when it will no longer be available.

There is no change for the **Base Allocation**. The credit FTES was funded at \$3,727. Now, the more because of the added the COLA for FY 2019-20 and no COLA for 2020-21 so it's \$4,009. The rest of the categories are \$5,622 which is a 100% of the FTES which we are accustomed to getting. The calculations are based on the current year projection + prior year actuals + prior-prior year actuals / (divided) by 3 to determine the average. The other categories are paid based on the current year.

Supplemental Allocation is the most important category because we are paid for whatever the number of student we serve graduate.

Student Success Allocation have multiple categories as to how the district is paid. Highest pay based on Associate Degrees and lowest on Living Wage.

Hold Harmless provision was extended through 2023-24, receive the greater of the current year or the prior year TCR funding. In 2020-21 the district received the higher of the SCFF funding, 17-18 TCR plus annual COLAs or 2017-18 funding rates (SB 361 rates) multiplied by the current year FTES.

It was noted C.M., whether it is FTES, Student Access or Success if your matrix's are not going to be there then it is going to hammer your revenue coming from the state. For 2018-19 Peralta looks good as a district and we only have 2 million under Hold Harmless. The only answer is not to cut the budget. Allocation is one thing but managing the district funds is another.

It was recommended that the District make any cuts that it can now. We have a good fund balance to reinvest. We need to increase our enrollment, if possible. The first thing is to work on our enrollment by reinvesting in our students and advertisements. Hopefully, this will increase our enrollment. If we increase our enrollment we are going to be in a good shape. We should work on that first for the next three years.

Additional information was presented. C.M. Brahmhatt said he will bring the requested information from the prior meeting that he will present over the next 5 meetings starting on January 28th, 2021.

II. Next Meeting(s)

January 28, 2021 at 1:30 pm

February 11, 2021 at 1:30pm

III. Adjournment at 3:26 pm