

May Revise Task Force Meeting Notes for July 8, 2020

In Attendance:

Carla Walter, Vice Chancellor Finance & Admin., Co-Chair
Jamille Teer, SEIU Representative
Adil Ahmed, Executive Fiscal Director
Donald Moore, DAS President
Thomas Renbarger, Academic Senate President
Victoria Menzies, Business Director, Merritt
Kawanna S. Rollins, Classified Senate President
Derek Pinto, VP of Administrative Services, Laney
Don Miller, Interim President, COA
Scott Barringer, Local 39 Representative
De Doan, Institutional Research Designee

Richard Ferreira, Executive Assistant, Finance & Administration (Notes)

Absent:

Andrea Stokes, Capital Outlay Coordinator
David Johnson, President, Merritt College
Jennifer Shanoski, PFT President

I. STANDING ITEMS

1. Called to order: 7:04 am
2. Adoption of the Agenda for July 8, 2020
3. Approval of Notes with changes.

II. DISCUSSION/APPROVAL

1. Review Notes from the last meeting

VC Walter thanked members of the Finance Department for revising the Tentative Budget. Specifically, Executive Fiscal Director Adil Ahmed, Coordinator Andrea Stokes, and Executive Assistant Richard Ferreira.

Reviewed and accepted the notes with no changes.

2. Discuss the Tentative Budget

The changes to the Governor's signed Budget Act of 2020 is that there is a different approach to the budget with no COLA, no budget reductions, but with significant deferrals. If additional funding comes forward from the federal government it is possible the deferrals will be decreased. PCCD is to be "Held Harmless" with SCFF funding through 2023-24. Funds for COVID-19 under Prop. 98 as a Block Grant to support expenses was added. The concern now is managing the cash flow rather than the anticipated budget cuts. The other aspect of deferrals is having to consider and track when the state will provide the deferred funds to the districts.

P2 Apportionment Report shows revenue shortfalls and it includes a deficit factor. Funding loss is to be updated. The pending August Budget Revise may give more information.

SCFF Calculations

SCFF is to include 3-Year Average Rate without the COLA and the total is about \$121 Million. Fairly certain about this amount. SCFF is State Apportionment, APA, Local Property Taxes and Local Enrollment.

PCCD is to be "Held Harmless". Hold Harmless means that the district has to prepare for the future "SCFF Cliff" because at this time the structural deficit is being masked because of the Proposition 98 funding being based on the district's three (3) year rolling average of FTES rather than actual FTES. This is at approximately \$9.8 million now, and will increase in fiscal year 2021/22, exceeding \$10 million, assuming no changes. It is important to plan now and adjust our Faculty Obligation Number (FON) and other expenses, as well as, to seek revenue opportunities in order to be ready to function as we lose Hold Harmless funding in the 2023/24 fiscal year.

P-2 Report – Quarterly Reporting – June 26, 2020

District Total Computational Revenue and Sources. The state incorrectly reported that the Peralta District was a single (1) college district; it is a four (4) college district. This was corrected. SCFF Shared Link: <https://www.cccco.edu/-/media/CCCCO-Website/College-Finance-and-Facilities/Appportionments-June-2020/201920P2SCFFExhibitCJune242020v2.pdf?la=en&hash=6AC39AE8945AED5E204822A4591A75936FE3C1FF>.

FTES Reporting

Apportion reporting is from July 1st to June 30th. FTES Reporting to the state there are four (4) periods. They are P1, P2, P3 and P4. Overview is as follows with the Fiscal Calendar. It begins on July 1st. Note: there are several different accounting methods.

P1 – The report begins in the middle of the year and take the figures from the prior year to get a factor. It then projects forward for the remainder of the year. The goal is to maximize reporting as much as possible to get funding.

P2 – The report is to look at any corrections.

P3 – The report is basically the same thing as P2 and to get closer to the actual numbers.

P4 – The final report period at the end of the year and the last chance to report the actual numbers for that fiscal year.

2020/21 Tentative Budget - Revised

Board of Trustees (BOT) adopted Resolution 19/20-67, Continuing Budgetary Authority to approve the Tentative Budget by August 1st. This is based on the State Chancellor's Executive Order 2020-06, which was issued pursuant to California Community Colleges Board of Governors Resolution No. 2020-01 and Section 52020 of Title 5 of the California Code of Regulations. It extended the deadline for community college districts to issue the 2020-21 Tentative Budget from July 1, 2020 to August 1, 2020, and extended the deadline to issue the 2020-21 Final Budget from September 15, 2020 to October 31, 2020, in addition to extending other related deadlines.

Reviewed draft of the Revised Tentative Budget, based on the 2020 Budget Act, and focused on the General Fund. The General Assumptions include approximately \$20.8 Million with a reserve of 14.38%. The district is working with participatory governance process and the BAM Task Force.

The Tentative Budget provides detailed information regarding the Parcel Tax and other funds under their respective area (fund codes).

[Note: MRTF suggested to add in the Tentative Budget the Administrative Policies and Board Policies regarding Parcel Tax to explain the process.](#)

Five Year Projections

Utilities will be budgeted at the campus level but paid at the district level. Re-apportionment for delayed projects at Merritt, Laney and College of Alameda was included. There is a downward trend ending the fund balance for the Five Year Projections with the structural deficit and SCFF Cliff.

The projections do not include the Contingency Reserve. The District should have one (1) year's total expenses set aside as a reserve.

Note: Salary Savings is not shown under Part-Time Academic salaries, but shown in the Full-Time Academic monies. Parcel Tax funding is also the same. Request made to clarify the way the PT Faculty salary is calculated. Expenses for salaries includes Step increases but not COLA.

Bad Debts (Student Accounts Receivables) total roughly \$8 Million. It should be calculated at the end of the year and approved by the BOT based on a percentage. The July 14th agenda for the BOT includes a contract to work with getting the receivables under control.

Expenses under Book Supplies, Services should be noted that the costs are actually a majority of services. Revenues for International Shortfall and Student Refund is requested to provide as much information as possible for transparency.

Note: If monies are to be returned for student refunds then it is possible the amount should be entered as Receivables.

The Other Faculty budget item has an amount that is due to college allocation monies and the reason for the amount reduction is because colleges are pulling from discretionary monies. The amount may be misleading. This is because colleges may be allocated from the Discretionary Funds and these amounts are up to the colleges.

PERS/STRS

PERS/STRS is not a reduction. State is providing PCCD funds to offset.

Structural Deficit

The best way to address the structural deficit is to get more students. When reviewing the deficit it is important to review/manage revenues and expenses.

Deferred Monies

Short term financing, called Hardship Funding, will be available for districts, if needed. The districts will need to apply for it. There is a process to apply for Hardship Funds through the State Chancellors Office in order to receive funding.

The first aspect is, that it does not weaken district's financial state, in other words, not lower the credit rating. It is at no cost to the district, but there is a limit.

The second aspect is, Short Term Financing (or Tax and Revenue Anticipation Notes). Funds need to be paid back within the same fiscal year. There is a concern as to when the funding will be received back from the state to retire the Notes.

OPEB Debt

The Finance Department is currently working on refinancing the OPEB Debt. The rating agencies are reviewing the district. The district will focus on stability. In general, we are in good shape.

3. Next Steps

Schedule meetings for the May Revised Task Force.

July 15th Tax Receipts info to be received for meeting on July 23 (tentative meeting).

Tentative Budget will be the same look, but the Adopted Budget will have a new look.

III. NEXT MEETING

Updated Scheduled Meetings:

1. Thursday, July 23, 2020 at 10:00 am - Tentative
2. Wednesday, August 5, 2020 at 9:30 am - Tentative
3. Wednesday, August 19, 2020 at 9:30 am - Tentative

IV. ADJOURNMENT

Meeting was adjourned at 8:57 am.