The meeting was called to order by Doug Roberts (Co-Chair).

**Members present:** Inez Barragan, Jackie De Lap, Deirdre Frontczak, Doug Roberts, Warren Ruud, Terry Shell

**Also present:** Linda Close, Jordan Mead, Susan St. Clair

1. **Approval of Minutes**

After it was moved by Inez Barragan, and seconded by Deidre Frontczak, the committee approved the minutes from the October 28, 2014 meeting, with Jordan Mead abstaining.

2. **State Budget Status**

Doug Roberts said that on November 19, the Legislative Analyst's Office (LAO) issued its November 2104 report entitled, *The 2015-16 Budget: California Fiscal Outlook*. Under its “Main Economic Scenario” the LAP is projecting moderate growth through 2019-20. Doug reviewed “the big three” taxes: personal income tax, sales and use tax, and corporation tax. He said that personal income tax is 2/3 of all revenues the State brings in. Approximately 50% of it is paid by the top 1% earners. As the stock market improves, so does the revenue, although the overall economy is improving at a slower pace.

With regards to the extra 2014-15 revenues, plus a little bit from recalculated 2013-14 figures, the additional funds will translate to about a $2.3 billion increase in the Prop 98 guarantee. Doug said it is the LAO’s opinion that virtually all of the additional funding will go to K-14 in the form of one-time funding. $922 million would be used to extinguish the remaining deferred revenues, and the rest will be used for various one-time purposes including paying down the educational mandate backlog currently at $4.3 billion ($3.9 billion for K-12, and $405 million for community colleges). Just how much SRJC might receive in any of this one-time funding is unknown at this point.
Doug Roberts said that for 2015-16, under the "Main Economic Scenario" the LAO is projecting as much as $6.4 billion in new finds being available for Prop 98 funding. If community colleges get their approximately 11% proportional share of Prop 98 funds, the system could receive about $704 million in additional revenue. The State Chancellor's office submitted its budget request for 2015-16 which includes $740 million in budget requests, plus an appeal for additional funds to help with deferred maintenance, instructional equipment, mandated claims, and guaranteed backfill to offset apportionment deficit funding.

Doug continued by saying that community colleges stand a good chance of receiving almost all of the system-requested funding. Although most of the funds being requested are for restricted programs, the Unrestricted General Fund requests include: $120 million for 2% growth, $180 million for 3% COLA, and $70 million to fund the hiring of full-time faculty.

Of the anticipated new money from the State, the growth-fund allocation model limits SRJC to 1% growth. To earn such funds, SRJC must actually grow and, so far, the District's enrollment growth is flat.

Doug Roberts said that in 2015-16, the District will have to contend with a few already-known increases in expenditures. The STRS employer contribution rate will increase by 22% which means an increase of $900,000 for the District. The PERS rate will also increase by 7.7%, increasing the District expense by $270,000. The trend for the annual healthcare premium increase is about 7%.

Although it might appear that the potential new revenues in 2015-16 will be greater than the new expenditures, the starting point for the 2015-16 budget is the budget for 2014-15, and in that budget the expenditures exceed revenues by $6.2 million. Also, the projected General Fund ending fund balance will be close to the minimum 5% reserve required by the Chancellor's Office, leaving little, or no, fund reserves to help offset expenses in 2015-16.

Doug said that more will be known when the Governor releases his 2015-16 budget in January.

The meeting adjourned at 2:59 p.m.