

MENDOCINO-LAKE COMMUNITY COLLEGE DISTRICT
MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES

A special meeting of the Mendocino-Lake Community College District Board of Trustees was convened on Thursday, January 28, 2021 using ZOOM remote meeting technology.

GENERAL MATTERS

Call to Order Trustee Pinoli, Board President, called the special meeting to order at 9:01AM.

<i>Board Members</i>	President	Robert Jason Pinoli	present
	Vice President	Marie L. Myers	present
	Clerk	Ed Nickerman	present
	Trustee	Xochilt Martinez	departed at 11:30 AM
	Trustee	John Tomkins	present
	Trustee	TeMashio Anderson	arrived at 9:16 AM
	Trustee	Noel O’Neill	present
	Student Trustee	vacant	

Secretary Timothy Karas, Superintendent/President

Support Staff Mary Lamb, Executive Assistant to the Superintendent/President

Staff Representatives Eileen Cichocki, Assistant Superintendent/Vice President of Administrative Services (present)
Debra Polak, Vice President of Academic Affairs (present)
Ulises Velasco, Vice President of Student Services (present)
Nicole Marin, Director of Human Resources (absent)

<i>Constituent Representatives</i>	Academic Senate	Catherine Indermill, President (present)
	Classified Senate	Mayra Sanchez, President (absent)
	Management Team	Janelle Bird, President (absent)

Agenda Approval M/S (Nickerman/Tomkins) to approve the agenda as presented. The matter was approved with the following vote:

Ayes	Myers, Martinez, Nickerman, O’Neill, Tomkins and Pinoli
Noes	None
Abstentions	None
Absent	Anderson

Public Comments • There were no comments from the public.

REVIEW OF THE COLLEGE BUDGET

Discussion Assistant Superintendent/Vice President of Administrative Services Cichocki presented information on the college budget and the budget processes.

Board Policies

The board policies which are applicable to the college budget were listed. These policies are reviewed on a regular cycle and most of them were reviewed within the last year. The policies are listed on the college website.

State and College Budget processes

The fiscal year for both the college and the State runs July 1st through June 30th.

January is the month the Governor releases his proposed budget which would be released on July 1st. In May, the Governor releases his revised budget which outlines any proposed changes to his original proposal. In June, the State enacts its fiscal year budget which then takes effect on July 1st.

The Tentative budget for the college is presented to the Board in June and is based on the May revised budget from the Governor. The Board is presented with the proposed Adopted Budget in September for their approval.

Also included in the April revised budget are any changes in our budget assumptions. While presenting the revised budget to the Board is not required by the State, it does present a much better picture of College's fiscal health for the current year. It also provides an opportunity to begin looking at where we are with collective bargaining agreements, supplies and services including classroom supply needs, etc. 86% of the college's overall budget is spent in salaries and benefits.

Governor's Budget for 2021/22

Currently, there is good news coming out of the state regarding next year's budget as revenues are coming in higher than originally anticipated.

Reflected in the proposed budget are three main themes:

- Paying down debts and building reserves
- COVID related needs
- Modest ongoing allocations

Also included in the proposed budget is an early action package which would come to the college sometime in the early spring. These funds would be used for emergency financial assistance grants to students and to fund student retention and re-enrollment.

The proposed budget includes paying off \$1.1B of cash deferrals which would help to reduce Mendocino College's portion of those deferrals. There would continue to be a remainder of \$327M in cash deferrals but this is a much easier amount to handle than previously proposed.

The reduction in deferrals is for next year and will have no impact on reducing the deferrals this fiscal year.

In the 2020-2021 year, there was a proposed COLA of 2.31% COLA which was never funded. There is nothing in current proposal to true up this amount. In the current proposed budget, there is a 1.5% COLA included for community colleges.

There are monies in the Governor's proposed budget for addressing the digital divide (access to technology and the internet). These monies are to be used to provide devices for online learning and to invest in online instruction infrastructure. There would also be monies to provide more ongoing funding for mental health services for our students.

History of COLA

Overall, the College down 18.09% between what was statutorily required but has never been "caught up" by the state. During that same time period, the employees have received 9.66% more than what the college has been funded for COLA increases.

COVID funding and expenditures

Direct aid from Federal Government – \$655,000 was received as direct aid to students (approximately 700 students have received aid to date). In addition, we have received \$655,000 for the college plus an additional \$85,000 since we are a Hispanic Serving Institution (HSI). These funds have been used for faculty stipends; professional development (CANVAS and ZOOM); software; chromebooks; laptops for employees to work or teach from home; wifi hotspots; and to cover lost revenue due to closure of facilities.

Received block grants - \$135,000 Federal block grant which had to be used by December 2020. Since this was the case, we prioritized those monies to cover part-time faculty stipends; purchase of some chromebooks; nursing students – purchased an online prep course for the graduating Nursing class to study for their NCLEX exam. We will have the \$166,000 in state block grant yet to use.

In December 2020, the federal government passed the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA). Mendocino College is due to receive \$3.4M but we do not yet know what our allocation will be for our Hispanic Serving Institution (HSI) status. The allocations and expenditure guidelines for these monies are still pending but \$655,000 must be used in direct aid to students. A positive change is the monies can now be used without restriction regarding student's immigration status. The formula being using this time is much more equitable for community colleges since it is not based solely on FTES and is partially based on headcount.

General Fund Revenues and Expenditures

The college uses governmental accounting methods which is fund accounting. There are two types of funds – unrestricted and restricted. All grants and categorical funds are included in the restricted fund.

Property Taxes, Enrollment Fees, and State Allocation:

Property taxes are collected by each county and paid to the college. Students pay an enrollment fee at the time of enrollment. Both of these amounts are then deducted from the amount paid to the college by the State. The largest portion of the college revenue comes from State.

Salary and benefits is the largest portion of the college's expense budget.

One of the benchmarks of fiscal stability is the percentage of reserves the college has available. The Mendocino College Board of Trustees has established a parameter of having at least a 15% reserve built into each budget.

The amount of money due to the college from the State is determined by using the Student Centered Funding Formula (SCFF). Previously, college funding was 100% based on the number of Full Time Equivalent Students (FTES) the college had enrolled. With the new Student Centered Funding Formula (SCFF), the amount based on FTES has been lowered to 70% with an additional 10% based on student success; and the final 20% based on supplemental (or student need). The California Promise Grant (which used to be called the Board of Governors or BOG waiver) is included in this final area.

Looking ahead, the "fiscal cliff" is now looking like it will take place in 2024-25 budget year. At that time, the only funding guarantee would be to match the funding level in place during the 2017-18 fiscal year.

Prudent reserves are a must. The Board has established a 15% reserve budget parameter. The Chancellor's Office minimum is 5%. At 3% the Fiscal Crisis and Management Assistance Team (an outside team) would intervene and assume management of the college. Statewide, the average reserve was 21.8%.

A good reserve benchmark would be three months of an average payroll which for Mendocino College would equate to approximately \$5.5M. Prudent reserves have the following benefits:

- Managing cash flow (we went from no cash flow issues to massive deferrals in one year)
- Mitigate volatility in funding and expenditures
- Address unexpected costs
- Save for large purchases
- Reduce costs of borrowing money

Restricted General Fund - totals approximately \$13.6M and accounts for all categorical programs. There are sixty plus different funding sources and associated criteria. Most of this funding comes from the State followed by the Federal Government. Some of these categorical funds include:

- HEP
- CAMP
- FYI
- Student Equity and Achievement

These funds are spent largely in the same areas as the General Fund. They are balanced funds which means what we receive is what we use. In some cases, monies may be rolled over from year to year but this depends on the specific criteria of the program.

Debt Service Fund - accounts for any long term debt the college acquires. Currently only the solar field is in this fund. The solar field will be paid off in March 2021. Once this debt has been paid, these monies will be transferred into Capital Projects Fund.

Child Care Fund - used to operate the Child Development Center on campus. In addition to the revenue reflected in the fund, the college also receives FTES funding for the students in the Child Development instructional program.

Capital Projects fund – used for scheduled maintenance and anything that adds to our physical plant and also technology needs. Recently, monies from this account have been used to fund the traffic signal at Hensley Creek Road; chillers; boilers; and Americans with Disabilities Act (ADA) improvements. Annually, we receive \$17,000 from our insurance Joint Powers Authority (JPA) for safety upgrades.

Special Reserve Fund – used to address any unexpected needs since we are self-funded for many things. These would include vacation; load bank leave; Health benefits; Health Claims incurred but not reported prior to change to new health insurance; GASB75 – retiree health benefits; and Self Insurance.

Health Benefits Fund – any balance in this fund will be moved to the Special Reserve Fund at the end of the 2020/21 fiscal year. It was used to pay medical claims when we were self-insured. Claims are now tapering off since we began purchasing our health insurance in July 2020 and are no longer self-insured.

Student Representation Fee – is the fund we charge students at the time of enrollment. Each student is charged \$2 per semester with \$1 staying at the college and the other \$1 going to the State to lobby on behalf of students. Statewide student senate work is funded by the \$1 fee remaining at the college.

Student Center Fee – students imposed this fee on themselves several years ago. Each student is charged \$1 per unit up to a max of \$5 per semester. The monies in this fund are used to maintain student centers at our locations. Revenue generated by the Electric Vehicle (EV) charging stations will go back into this account.

Student Financial Aid – which is aid disbursed directly to students. Included in this account are PELL grants, etc. which comes from the Federal Government; EOPS and other grants from the State. Scholarships from local donors and from the Foundation are also included in this account.

Financial Reports to the Board

Director of Fiscal Service Atherton presented the information on the financial reports supplied to the board.

The monthly fiscal report is a combination of restricted and unrestricted General Fund budgets. The other revenue listed under federal revenue comes primarily from CARES Act funding.

The 311 Quarterly report reflects the following:

- Section I - includes unrestricted funding only
- Section III - asks about our cash on hand and is used to ensure fiscal stability
- Section V – includes any settled bargaining unit info

The Audit report is an annual report presented to the Board each year. The report is required by State and Federal Governments as well as the Chancellor’s Office.

Multi-year Budget Projections

Assistant Superintendent/Vice President of Administrative Services Cichocki presented the multi-year budget projections information.

These reports are completed after the revised and adopted budgets are presented to the Board for approval. These are only projections and are not intended to be set in stone. They are meant to make everyone aware of the financial impact if certain assumptions were to come true.

ACTION ITEM

*Board of Trustees
Budget Parameters
for District 2021-
2022 Budgets*

After reviewing the information and discussion, the board took the following action:

M/S (Nickerman/Tomkins) that the Mendocino-Lake Community College District Board of Trustees does hereby adopt the 2021/2022 Budget Parameters as presented with the following vote:

Ayes	Myers, Nickerman, Anderson, O’Neill, Tomkins and Pinoli
Noes	None
Abstentions	None
Absent	Martinez

Adjournment

With agenda business concluded, Board President Pinoli declared the meeting adjourned at 12:14 PM.

Submitted by:
Timothy Karas, Superintendent/President
Secretary, Board of Trustees