

ATTACHEMENT A

CONTINGENCY RSRV: AMTS FOR MODELING PURPOSES ONLY			
	PERM BGT 14-15	TEMP BGT 14-15	FYR BGT 14-15
BEGINNING BGT AMT: CONTINGENCY RSRV	1,368,030	1,000,000	2,368,030
NEW FUNDED ITEMS (FROM 14-15 REQST PROCESS)	-	-	-
REPRESENTED EXEMPT (est 3% incl benefits)	(67,275)	-	(67,275)
PT FACULTY BGT REQUIREMENT * (MIMICS FY 1314)		(1,281,996)	(1,281,996)
PT FACULTY RESERVE SET ASIDE * (MIMICS FY 1314)		(259,000)	(259,000)
ADDNL PTF REQUIREMENT ** (MIMICS FY 1314)		(431,285)	(431,285)
Subtotal	(67,275)	(1,972,281)	(2,039,556)
INTERP SVCS SUPPLEMENT (ESTIMATE)	-	(100,000)	(100,000)
Subtotal	-	(100,000)	(100,000)
TOTAL ESTIMATED COMMITMENTS FY 14-15	(67,275)	(2,072,281)	(2,139,556)
TOTAL ESTIMATED BALANCE / (SHORTFALL) FY 14-15	1,300,755	(1,072,281)	228,474

Above modeled to show only the effects of funding known, unfunded commitments NOT in the Schedule from the Contingency Reserve.

Effect is that all but \$228,474 of the modeled reserve is committed, as of the beginning of FY 1415

* Funding necessary to fund PT Faculty Budget at the planned FY 1314 level, inclusive of 2% Salary Increases.

** Funding necessary to fund PT Faculty at the FY 1314 actual expenditure level, inclusive of benefits cost (a \$431,285 estimated overage)

CONTINGENCY RSRV: AMTS FOR MODELING PURPOSES ONLY			
	PERM BGT 14-15	TEMP BGT 14-15	FYR BGT 14-15
BEGINNING BGT AMT: CONTINGENCY RSRV	1,368,030	1,000,000	2,368,030
NEW FUNDED ITEMS (FROM 14-15 REQST PROCESS)	(475,583)	-	(475,583)
REPRESENTED EXEMPT (est 3% incl benefits)	(67,275)	-	(67,275)
PTF REQUIREMENT (MIMICS FY 1314)		(1,281,996)	(1,281,996)
PTF RSRV (MIMICS FY 1314) *		(259,000)	(259,000)
ADDNL PTF REQUIREMENT (MIMICS FY 1314) **	-	(431,285)	(431,285)
Subtotal	(542,858)	(1,972,281)	(2,515,139)
INTERP SVCS SUPPLEMENT (ESTIMATE)	-	(100,000)	(100,000)
Subtotal	-	(100,000)	(100,000)
TOTAL ESTIMATED COMITMENTS FY 14-15	(542,858)	(2,072,281)	(2,615,139)
TOTAL ESTIMATED BALANCE / (SHORTFALL) FY 14-15	825,172	(1,072,281)	(247,109)

Above modeled to show the effects of reducing the CR by the \$475,583 actual allocated amount of 'new permanent state funds' in order to fund Schedule items as permanent reallocations from the CR.

Result is a deficit condition of -\$247,100

* Part Time Faculty Reserve (Salary Amt)
 Part Time Faculty Reserve (Benefits Amt)

200,000
 59,000
 259,000

** Part Time Faculty Overage (Salary Amt) - Estimate
 Part Time Faculty Overage (Benefits Amt) - Estimate

332,474
 98,811
 431,285

QUESTIONS TO INTERIM PRESIDENT O'KEEFFE
from BUDGET ADVISORY COMMITTEE FY 14-15

- 1) Re. Strategic Initiatives 13-14: In its memo to President Mitsui last year (for FY 13-14 planning) the BAC stated its understanding that the review process for Strategic Initiatives would be conducted annually, and those initiatives that do not adequately contribute to the accomplishment of North's mission and core themes would be eliminated. The administrative authority over this process would be the President.

Question: *Given that understanding, would you please describe the review process engaged in to determine which FY 13-14 S.I. were approved for inclusion in the list of requests (Requests 14-15) provided to both BAC and College Council (CC) for FY 14-15? If not yet conducted, would you please describe what process will be utilized and when it will be completed?*

BAC COMMENT: *The committee now understands that although a formal review has not yet been undertaken, one will be designed and implemented under authority of the President's Office in FY 1415. This is of course, subject to approval by our incoming executive, President Brown. Our further understanding is that an informal review has been conducted on some Strategic Initiatives 1314 items via ETeam weekly meetings during the course of FY 1314.*

- 2) In its analysis to date, the BAC determined that the college's Faculty Budget (the combined total planned salary expenditure for Full and Part Time Faculty paid from the state operating budget) is the biggest cost factor that must be understood in order to evaluate funding available for the Requests 14-15.

Question: *Would you please provide the total amount of the Faculty Budget planned for by the college (salary amount only, exclusive of benefits)?*

BAC COMMENT: *Our understanding is the planned Faculty Budget is \$11.1M, exclusive of benefits cost.*

- 3) BAC's analysis indicates that in order to fund the permanent level increases (permanent positions, permanent support costs, etc.) contained in the Requests 14-15, the college must either reduce its permanent level Contingency Reserve, or increase its permanent level allocation of college level International Student revenues (IP program revenues). That analysis also indicates that if FY 14-15 expenditures equal FY 13-14 levels in key areas such as the PT Faculty salaries and benefits, up to \$2.5M may be needed from the Contingency Reserve to cover those costs. In other words, those costs will be unfunded unless the Contingency Reserve is used. (please see attached schedule).

Question: *If this is correct, what is considered the appropriate amount for the college to establish in the Contingency Reserve, above the amount of known unfunded commitments such as the above?*

BAC COMMENT: *Our understanding is the appropriate Contingency Reserve amount, based upon average funding levels over the past five fiscal years is \$1.2M to \$1.5M. The committee's analysis indicates this level will be difficult to achieve, given the funding required to cover existing known unfunded college commitments, exclusive of Schedule items.*

- 4) BAC's understanding is that in years past, the college matched type of need (Permanent or Temporary) to type of funding (Permanent or Temporary). For example, temporary (i.e., one-time) needs were funded from temporary funding sources such as Carry forward. The original Unmet Needs process employed this approach. In addition, BAC's analysis leads to a conclusion that any Request 14-15 items funded on a permanent basis that are not covered by allocation of Contingency Reserve funds must be covered by a permanent level increase in the college's use of college level International Student revenues.

Question: *Is the college following the "matching" methodology describe above in allocating funds to the Requests 14-15? If so, what is the amount of permanent level increase in reliance on IP Revenues that the college believes is appropriate and sustainable? In addition, what risk factors has the college already taken into account in arriving at that amount, and has conversion of International FTES also been taken into consideration?*

BAC COMMENT: *From the answer provided by Interim President O'Keeffe and ensuing discussion with the ETeam, the committee understands that the college considers the "new state permanent funds" (\$475,583 actual allocation) as essentially earmarked for funding of permanent level additions to the college's state operating budget. The addition to permanent level dependence on International Student Revenues is considered the \$114,869 difference between the \$587,477 permanent Schedule items and this "new state permanent funds" amount.*

- 5) **Question:** *In regard to number 4 above, if the college must plan for conversion of International FTES in FY 14-15, what number of FTES should be planned for?*

BAC COMMENT: *The committee was initially informed that the college does not plan to convert international FTES; however the ensuing discussion clarified the SBCTC Enrollment Rules for 1415 and determined that the 96% rule does apply [Attachment D]. Our understanding is that Instruction intends to achieve 100% of regular enrollments with the planned \$11.1M Faculty Budget; no international FTES conversions will be necessary if that goal is achieved.*

- 6) If the college must plan for conversion of college level International FTES in FY 14-15, BAC's understanding is that international students must "test into" our college level programs in order to qualify.

Question: *If that is correct, is the college engaging in efforts to attract higher levels of international students who are likely to test into college level programs? If so, please describe those efforts and whether or not such efforts will result in significant additional costs.*

BAC COMMENT: *The committee was provided a schedule listing international student enrollments (1995-2014). We were informed that in FY 1314, 70% of international enrollments were college level, and that the college intends to maintain appropriately high levels of college level student enrollments in FY1415.*

- 7) During our analysis, a question arose as to why it is necessary to fund items in the Request 14-15 list on a permanent level at this time, given the college's current enrollment challenges and the inherent volatility of IP program enrollments.

Question: *Has the college considered delaying the permanent level increases, either until after the start of FY 14-15 when, for example, the final FY 13-14 tuition revenue and Carry forward amounts will be known with certainty – or, possibly until planning for FY 15-16? If not, it is reasonable for the college to consider this as an option?*

BAC COMMENT: *The committee was informed that the Executive Team recommends that temporary positions be limited to one year of funding to prevent potential confusion; this recommendation is based on past experience.*

1) The 96% enrollment criterion

This deals with the 96% minimum enrollment requirement set by the SBCTC. Currently the President's council (known as WACTC, or WAC) has a taskforce that is working on a policy that would lead the CTC system away from this simple 96% criterion. If and when this new policy is to be implemented, the WAC's taskforce recommends an "implementation notice" that states:

IMPLEMENTATION NOTE: Enrollment adjustments required in FY 2015 due to a failure of a district to meet enrollment goals during a "recovery year" will be temporarily suspended until the adjustments can be evaluated within the context of forthcoming recommendations from the WACTC Task Force currently examining the current allocation methodology (anticipated in the Fall of 2014) (SBCTC Meeting Agenda, May 7, 2014, page 117 of 147, Tab 7 Attachment F, <http://www.sbctc.ctc.edu/general/admin/COMPLETE-May-2014-SB-Agenda-Packet.pdf>, accessed May 23, 2014, emphasis added).

Given that we are not in a recovery year, the BAC assumes that NSC has not and will not be relieved of the burden to meet 96% of its target this year or next. Furthermore, Interim President O'Keefe indicated in our BAC meeting of May 23, 2014 that NSC currently does not meet the enrollment nor performance standards contained in the WAC's Taskforce drafted policy as currently written. Therefore, the BAC feels that conversion of FTEs must be included as a potential factor in the college's ability to meet the 96% criterion in FY 1415.