

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT**

2323 N. Broadway, Santa Ana, California 92706

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**Budget Allocation and Planning Review Committee**

District Office – Executive Conference Room #114

1:30 – 3:00

**REVISED**

**Meeting Minutes for May 28, 2008**

**Members Present:** Morrie Barembaum, John Didion, Norman Fujimoto, Raul Gonzalez del Rio, John Grindel, Peter Hardash, Noemi Kanouse, Steve Kawa, Erlinda Martinez, Julie Slark, John Smith, Sergio Sotelo, George Troxcil, Juan Vazquez

**Members Absent:** John Hernandez, Peter Paolino, Marti Reiter

**Guests Present:** Judy Chitlik, Steve Eastmond, Paul Foster, Raymond Hicks, Carl Jaeger, Bonita Jaros, Lee Mallory, Jeff McMillan, Thao Nguyen and Barbara Palmer,

Mr. Hardash called the meeting to order at 1:33 p.m.

**Welcome and Introductions:**

The committee and guest were introduced.

**Approval of the April 15, 2008 BAPR Committee Meeting Minutes**

Mr. Hardash called for a motion to approve the minutes of the April 15, 2008 BAPR Committee meeting. Mr. Didion moved and Mr. Vazquez seconded the motion to approve the minutes as presented. The motion carried unanimously.

**2008-09 May Revise**

Mr. Hardash informed the committee that the Governor released the May Revise on May 14, 2008 and includes the following:

- A proposal to fully fund the Proposition 98 guarantee for 2008-09.
- The Governor reversed his January proposal to suspend the Proposition 98 guarantee for 2008-09 primarily because the deteriorating state revenue situation results in the minimum guarantee calculation increasing year to year by only \$193 million.
- Proposes to backfill a portion of the estimated \$92 million property tax shortfall in the current year. The proposal utilizes a portion of the resources captured last year as part of the \$80 million apportionment reduction in the 2006-07 fiscal year and an estimated portion of new Prop 98 reversion funds for a total property tax backfill of \$75 million. The \$75 million in back fill dollars equals about \$2 million for our district.
- An increase of \$139 million to offset the reduction in estimated property tax revenue for 2008-09 is a step in the right direction.
- The Administration proposes to fund an additional \$35.5 million for growth in apportionments bringing the proposed amount available to \$95.5 million (1.67%).

- The Administration continues to support open access and proposes to keep fees at \$20 per unit for 2008-09. There has been some talk in Sacramento about increasing the fees back to \$26 per unit.
- The League also provided a spreadsheet which shows the categorical programs to be cut which is estimated to be about a 6-7% reduction.
- We have not received our unique growth cap for next year yet.
- Our funded growth cap for this year is \$880,380, if we were being funded for all of our growth this year, we would have received an additional \$7,022,435.
- No COLA in the January budget or May Revise.

### **2007-08 Budget Year**

Mr. Hardash reviewed the 2007-08 budget year as follows:

- We are not certain as of yet what our ending balance will be, at this point it is projected to be in the range of \$16 million, last year the ending balance was \$24 million.
- Spending had slowed down, hiring freeze is in place. The goal is to save as much as we can this year to sustain the ending balance this year and help carry us over into next year.
- Enrollment numbers distributed are based on the .714 funded growth target we are 1,500 over cap.
- May Revise is on the Department of Finance web site
- Legislative Analyst has her comments on the May Revise on the LAO web site. The Legislative Analyst is very critical of mortgaging the lottery. The Governor is proposing financing future sales increases of the lottery and then mortgaging it. \$5.1 billion would go to balance next years' budget. The Legislative Analyst commented that this plan is very over optimistic and she has a better plan.
- If the voters don't approve the mortgaging of the lottery a one percent sales tax would be imposed. Basically we are being asked to approve the mortgaging of the lottery or take the one percent. Gambling on gambling.
- Because we are funded by Prop 98, if the sales tax increases we actually will have more money in Prop 98.

### **2008-09 Tentative Budget**

Mr. Hardash reviewed the RSCCD Tentative Budget Calendar.

- Tentative Budget will be taken to the June 30, 2008 Board of Trustees meeting.
- \$3 million of discretionary funds were cut: \$1.5 million at the District, \$1 million and change was cut at SAC and about \$400,000 was cut at SCC. The District Office Reduction FY 2008-09 was distributed which details the cuts made at the District Office. ITS and Campus Safety were spared cuts - ITS is going through the implementation of Datatel and security is a high priority for the district.
- The 2008-09 Software Licenses and Application Maintenance Agreements handout was distributed. This handout shows the breakdown on the licenses and agreements for maintenance used district-wide. The total for 2008-2009 is \$2,461,122. The amount for 2007-08 was \$2,105,500, the increase for 2008-09 are the components to the Datatel implementation and VoIP system.

## **RSCCD Budget Allocation Model**

Mr. Hardash informed the committee that at the request of Mr. George Troxcil and Mr. John Grindel, the RSCCD Budget Allocation Model had been placed on the agenda for discussion. The Santa Ana College Budget Committee would like to request an annual review of the Budget Allocation Model to update any functional changes that may have trickled through the course of the year and to confirm that it is functioning the way it was designed.

Mr. Hardash referred to two of the handouts in the packet: Faculty concerns about the Budget Allocation Model and the handout put together by Dr. Jeff McMillan.

Mr. Troxcil opened the discussion by indicating that while going through the review of the Budget Allocation Model for the upcoming accreditation process at SAC some issues were identified. The content of the model indicates that a review should take place yearly. While reviewing the Model, language was identified that no longer applies. Some language could be interrupted in different ways. Discussion should include how the Model works, what it means, what some of the definitions mean and discussion on fixed costs as defined in the Model. Mr. Troxcil also suggested that as the Budget Assumptions come to the BAPR Committee for discussion, the Budget Allocation Model should have already been reviewed, discussed with the committee and changes made.

The following are comments/suggestions/recommendations on the Budget Allocation Model:

- Ms. Slark worked on the SAC self study for accreditation with Dr. Bonnie Jaros. Seven years ago, the accreditation commission recommended that BAPR reevaluate the Budget Allocation Model and it is imperative that the self study demonstrate progress towards the commissions recommendation.
- Dr. Jaros writes the responses to the recommendations on accreditation and suggests that a planning committee is convened to address the following questions regarding the Model:
  1. Does the Model work
  2. What changes are needed to the Model, what needs to be updated
  3. The Model should be reviewed by both the BAPR Work Group and a BAPR Planning and Review Group.
  4. BAPR should conduct regular, systematic program reviews.
- Mr. Hardash said a historical perspective is needed for the development of the Model.
- Mr. Troxcil added that all members of the committee and subcommittees need to know the details of how the Model works.
- The Model was reviewed – there were two versions of the Model, the 2000-2001 which was distributed at the meeting. Dr. McMillian had concerns regarding item #6 on page 3 and #1 on page 13. The Model Dr. McMillian was quoting from was the 1998-1999 Budget Allocation Model.
- Mr. Didion stated that when the Model was developed, members of the BAPR Committee looked at the Model at other districts. Having had a choice of styles, the District decided to go

with a Model that identified fixed costs. At the time the Model was developed, SCC was the new and “small” college. Mr. Didion added that there has not been a formal agenda item to evaluate the Model. Every year, the BAPR Committee is asked to approve the Budget Assumptions. Approving the Budget Assumptions includes the approval of continuing to use the Budget Allocation Model for the distribution of funds.

- Dr. Jaros added that ongoing informal discussion about the Model needs to be structured and systematic.
- Ms. Slark asked that the committee also discuss how well we fulfill the functions assigned to BAPR.
- Mr. Troxcil questioned the allocation of 16.48 fixed cost percent to the District Office. Mr. Troxcil commented that a 14% allocation was proposed for the District Office.
- Mr. Kawa suggested that the review of the Model should take place after the Adopted Budget is approved by the Board of Trustees and before the January Governor’s budget.
- Mr. Hicks added that the goals and visions of the colleges and district as a whole should be taken into consideration when the groups meet to start discussion on planning and budget.
- Ms. Slark volunteered to start the BAPR Planning and Review Committee. Those who volunteered are: Norman Fujimoto, Dr. Sergio Sotelo, Dr. Bonnie Jaros, Noemi Kanouse and Steve Kawa. This committee will have discussion on how BAPR can address its responsibilities and make recommendations to the BAPR Committee for program review.
- The committee agreed the BAPR Work Group will embark on an evaluation of the Budget Allocation Model.
- We will locate the most current copy of the Budget Allocation Model so each committee is working with the same version.

Mr. Hardash asked that we end discussion at the point and move forward with the recommendations discussed.

Mr. Smith asked that materials be sent out prior to the meeting for review.

**Next Work Group meeting:** June 4, 2008; 2:30 – 4:00; Garden Grove Room.

**Next BAPR Committee meeting:** June 11, 2008; 1:30-3:30; Executive Conference Room #114.

Mr. Hardash adjourned the meeting at 3:03 p.m.