

## **RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT**

2323 N. Broadway, Santa Ana, California 92706

Office: (714) 480-7321

Website: <http://rscgd.edu/Departments/Business-Operations/Pages/Fiscal-Resources-Committee.aspx>

### **Fiscal Resources Committee Meeting**

Executive Conference Room – District Office

1:30 p.m. – 3:00 p.m.

#### **Meeting Minutes for November 20, 2013**

**FRC Members Present:** John Zarske, Jeff McMillan, Esmeralda Abejar, Jim Kennedy, Steve Kawa, Michael DeCarbo, Morrie Barembaum, Raul Gonzalez del Rio, Peter Hardash, Adam O'Connor and Diane Hill

**FRC Members Absent:** Michael Collins and Sylvia LeTourneau

**Guests Present:** Richard Kudlik, Steve Eastmond and Ray Hicks

The meeting was called to order by Mr. Hardash at 1:30 p.m.

#### **State/District Budget Update**

Mr. Hardash reviewed the following:

- LAO Fiscal Outlook Report 2014-2015
  - Higher state revenue is an increase to Proposition 98 minimum guarantee
  - ¾ of all new revenues over 3 years goes to K-14 education
  - One time Funds
  - Link to report has been provided on FRC agenda
  - Minimum Guarantee \$1.7 billion higher in 2012-13
    - 11% Community Colleges \$187 million
    - 2.56% RSCCD share \$4.8 million
    - Keep in mind RSCCD still has an apportionment deficit of about \$4.8 million
  - Minimum Guarantee \$2.7 billion higher in 2013-2014
    - 11% Community Colleges \$297 million
    - 2.56% RSCCD share \$7.6 million
  - Minimum Guarantee \$4.2 billion higher in 2014-2015
    - Maintenance Factor payment is required
    - Increase in economy
  - New funds Available in 2014-2015 \$7.7 billion
    - 11% Community College \$852 million
    - 2.56% RSCCD share \$21.8 million
    - Keep in mind all of these estimates are first pass and likely will not materialize to these levels
  - Governor's January Proposal in 2014 will have more detail on how the funds will be allocated
    - 2012-2013 settle up monies
    - May use 2013-2014 funds of \$7.6 million as buy back deferrals
    - Pay down "Wall of Debt"
  - Slow Growth When Proposition 30 Revenues Expire
    - Sales Tax expire in December 2016
    - Personal Income Tax expire in December 2018
  - Key Factors

- Proposition 98 “Test”
    - 2014-2015 Test 1 due to large influx of state revenue
    - 2015-2016 Test 2 due to drop in K-12 average daily attendance
    - 2016-2017 Test 3 due to continued decline in ADA
    - Minimal cost of living adjustment
    - Increase in Minimum Guarantee largely covered by local property tax growth
- Proposition 39 Funds
  - \$1.2 million Prop 39/Energy Funds for RSCCD
    - For the first year, new LED lighting at Santa Ana College will get updated and Retro commissioning at District Office
    - For the second year beginning July 2014, new LED lighting at Santiago Canyon College will get updated
    - Applications have been submitted to the State for funding
  - Funds are allocated each year for 5 years in the State Budget Act
  - Funding depends on Corporate taxes
  - Restricted funds

### **Fiscal Resource Committee (FRC) Workgroup Report**

- District Office Department Budget Augmentation Process draft narrative and flow chart
  - Department Planning Portfolio (DPP) processes are completed or updated by August 1<sup>st</sup> of each year
  - Campus feedback due by April in order to include in the DPP
  - DPP submitted to the Planning and Organizational Effectiveness Committee (POEC)
  - Any impact the DPP has on facilities, technology or personnel will be submitted to those shared governance committees for their input
  - Discussion ensued on the flow of recommendations to POEC from FRC. Item #7 of the draft narrative was corrected to say *“As FRC discusses and recommends a budget for the coming fiscal year, they will consider augmentation requests at the same time and will provide financial impact and/or possible alternatives to District Council for review”*.
  - Mr. Kennedy suggested that Item #1 was should include *“Three year cycle at the District office to be in line with the Campus Review”*
- Mr. Hardash called for a motion to approve the draft District Office Department Budget Augmentation Process and submit recommendation to POEC. Mr. DeCarbo moved and Mr. Hicks seconded the motion to approve .The motion carried unanimously.

### **FON Policy**

- “Happy Ranch” simulation spreadsheet and Full-Time Obligation chart from the system office was distributed at meeting.
  - RSCCD by Fall 2014 projected FON is 334.8
  - At this point, RSCCD is 11.80 short. RSCCD will be penalized a little over \$800,000 and funds will be withheld at P-1

### **50% Law**

- Link to California State Audit of California Community Colleges report provided from the FRC agenda
- Based on the 2013-2014 RSCCD Adopted Budget, the current expense on education is 47%. An additional \$3 million was transferred from the general fund to the retiree health benefits fund. In classroom cost were claimed at 75% and non-classroom cost at 25%. Realistically, the split is likely about 55% and 45%.

- Penalty would be \$1.5 million and withheld for our apportionment

### **FTES Report**

- As of October 15, 2013
  - SAC
    - Credit 15,666.08
    - Noncredit 4,800.22
  - SCC
    - Credit 6,739.66
    - Noncredit 1,934.02
- Projected overall growth is 3.4%

### **Tracking all Intersession Expenses**

- Mr. DeCarbo requested if more sections can be added for intersession.
- Projected FTES for Intersession
  - 436 Total FTES
    - SAC 316 FTES
    - SCC 120 FTES

### **Multi Year Projection Assumptions**

- The three year Multi Year Projection assumption for revenue, expenditure and carryover was distributed to members to review as homework for the next meeting.

### **Informational Handouts**

The following materials were included in the materials:

- District-wide expenditure report link: <https://intranet.rscsd.edu>
- Vacant Funded Position List as of November 6, 2013
- Measure "E" Project Cost Summary as of November 1, 2013
- Monthly Cash Flow Statement as of October 31, 2013

### **Approval of FRC Meeting Minutes – October 23, 2013**

Mr. Hardash called for a motion to approve the minutes of October 23, 2013 Fiscal Resources Committee meeting. Mr. DeCarbo moved and Mr. Kawa seconded the motion to approve the Minutes. The motion carried unanimously.

### **Adjournment**

Mr. Hardash adjourned the meeting at 3:05 p.m.

### **Meeting Schedule – Next Meeting:**

Wednesday, January 22, 2014 – 1:30 p.m. – Executive Conference Room, District Office