RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

website: Fiscal Resources Committee

Agenda for Wednesday, September 18, 2019

1:30 p.m. - 3:00 p.m.
Executive Conference Room #114

1. Welcome
2. State/District Budget Update – Hardash
   - 2019-20 Adopted Budget
   - 9/9/2019 Board PowerPoint presentation on the 2019-20 Adopted Budget
   - SSC – New Requirement to Record State On-Behalf Contribution to CalPERS
   - SSC – Deal Reached on Statewide School Bond
3. Multi-year Projection
4. Continued Discussion of SCFF and Review of BAM – Cambridge West Partnership Consultants
5. 2020-21 Draft Budget Calendar
6. Standing Report from District Council – Shahbazian
7. Informational Handouts
   - District-wide expenditure report link: https://intranet.rsccd.edu
   - Vacant Funded Position List as of September 12, 2019
   - Measure "Q" Project Cost Summary as of August 31, 2019
   - Monthly Cash Flow Summary as of August 31, 2019
   - SAC Planning and Budget Committee Agendas and Minutes
   - SCC Budget Committee Agendas and Minutes
8. Approval of FRC Minutes – August 21, 2019
9. Other

Next FRC Committee Meeting: October 16, 2019

The mission of the Rancho Santiago Community College District is to provide quality educational programs and services that address the needs of our diverse students and communities.

The COMMUNITY COLLEGE UPDATE

Volume 39 For Publication Date: September 06, 2019 No. 18

New Requirement to Record State On-Behalf Contribution to CalPERS

Governmental Accounting Standards Board (GASB) Statement No. 68 and subsequent GASB Statement No. 85 amended the reporting requirement for governmental pension plans. The resulting impact on local educational agencies (LEAs) was the requirement to record the state's contribution to the California State Teachers' Retirement System (CalSTRS) on behalf of the LEA's employees.

On June 27, 2019, Governor Gavin Newsom signed Senate Bill (SB) 90 into law, which appropriated $2.246 billion and $904 million to CalSTRS and the California Public Employees' Retirement System (CalPERS), respectively. SB 90 explicitly states that these contributions are to occur in the 2018–19 fiscal year, and are on behalf of local school and college employers with the intent to reduce future year employer contribution rates. Both CalSTRS and CalPERS accrued the contributions from the state on their 2018–19 financial statements, and the matching principle requires school and college employers to recognize the impact on their 2018–19 financial statements. Although the employer contribution rates to CalSTRS and CalPERS will be reduced in future years from the originally projected increases, there is an unintended consequence of these contributions.

The impact of the state's contribution to CalPERS creates a requirement to recognize the pro rata share of the $904 million on the 2018–19 fund financial statements in accordance with GASB. A summary of the CalPERS pro rata share for school and community college districts can be found here. The credit for creation of the spreadsheet goes to the representatives of the K–12 External Services Subcommittee that operates under the auspices of the K–12 Business and Administration Services Committee. If you would like to verify your entity's contribution, you can do so by viewing the Schedule of Employer Allocations beginning on page 3 of the Schools Cost-Sharing Multiple-Employer Defined Benefit Pension Plan report, which can be found here.

If you have already completed your annual close, a conversation with your local audit firm is the prudent route to determine how to account for this entry.

—Matt Phillips, CPA

posted 08/26/2019

The COMMUNITY COLLEGE UPDATE

Volume 39 For Publication Date: September 20, 2019 No. 19

Deal Reached on Statewide School Bond

Late on September 10, 2019, amendments to Assembly Bill (AB) 48 became publicly available, signaling a deal on a statewide bond that would provide $15 billion to K–16. AB 48, which requires a two-thirds vote of the Legislature to be presented to Governor Gavin Newsom for his signature, would place a proposition on the 2020 primary election ballot for voter approval. If approved, the bond would provide $9 billion to K–12 and $2 billion each to the three higher education segments. Below is a summary of key provisions in AB 48 of the $2 billion Community College Facility Program.

Community College Program

For the community college bond program, funds may be used for:

- Construction on existing campuses, including the construction of buildings and the acquisition of related fixtures
- Construction of intersegmental facilities
- Renovation and reconstruction of facilities
- Site acquisition
- Equipping of new, renovated, or reconstructed facilities, which equipment shall have an average useful life of 10 years
- Payment of preconstruction costs, including, but not limited to, preliminary plans and working drawings for facilities

In their annual request for bond funds, the California Community College system will prioritize the seismic retrofitting needed to significantly reduce, in the judgment of the particular college, seismic hazards in buildings identified as high priority by the college.

Local Bonding Capacity

AB 48 increases local bonding capacity for community college districts from 2.5% to 4%.

Conditions of Participation: Transparency and Project Audits

AB 48 requires a performance audit of any project funded in whole or in part with bond funds from the 2020 bond. However, a performance audit required by any other law will be deemed to meet this requirement. Moreover, the bill requires all projects seeking funding from the 2020 bond to be presented during a regularly scheduled and noticed public board meeting to solicit public input. The board meeting can occur at the same public hearing during which the board will take action on any project.

What's Next?

In order to be eligible to be presented to California voters in March 2020, the Legislature must pass AB 48 before they recess for 2019 on Friday, September 13—just two days from now. Once approved by lawmakers, bond supporters will begin campaigning to secure the approval of voters during next year's primary election. Stay tuned!

—Patti F. Herrera and Brianna García

posted 09/11/2019

Rancho Santiago Community College District
Unrestricted General Fund 5 Year MYP
Based on No Change in Enrollment or Other Metrics

ASSUMPTIONS	Actual 2018-19	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24
COLA %	2.71%	3.26%	3%	2.80%	3.16%	3.16%
Credit FTES	17,974.79	17,974.79	17,974.79	17,974.79	17,974.79	17,974.79
Non-credit FTES	938.49	938.49	938.49	938.49	938.49	938.49
CDCP FTES	4,530.98	4,530.98	4,530.98	4,530.98	4,530.98	4,530.98
Special Admit - FTES	2,439.54	2,439.54	2,439.54	2,439.54	2,439.54	2,439.54
Incarcerated FTES	-	-	-	-	-	-
Total Reported FTES	25,883.80	25,883.80	25,883.80	25,883.80	25,883.80	25,883.80
Change in Funded FTES		0.00%	0.00%	0.00%	0.00%	0.00%
3 Year Credit Average Used in SCFF	19,542.56	19,018.19	17,974.79	17,974.79	17,974.79	17,974.79
Lottery Revenue - Unrestricted	$ 164	$ 153	$ 153	$ 153	$ 153	$ 153
Step/Column	1.20%	1.20%	1.20%	1.20%	1.20%	1.20%
STRS	16.28%	17.10%	18.40%	18.10%	18.10%	18.10%
PERS	18.062%	19.721%	22.70%	24.60%	25.40%	26.10%
H/W Premium Increase (District Cost)	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Utilities Cost Increase	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
ITS Licensing/Contract Escalation Cost	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000	$ 125,000

MULTI YEAR PROJECTION	Actual 2018-19	Projected 2019-20	Projected 2020-21	Projected 2021-22	Projected 2022-23	Projected 2023-24
Basic Allocation	*11,753,287*	*12,136,443*	*12,500,537*	*12,850,552*	*12,520,150*	*12,915,787*
- Less large college factor				*(713,919)*		
FTES allocation						
Credit	*72,835,121*	*73,191,504*	*71,251,349*	*73,246,371*	*75,560,956*	*77,948,682*
Incarcerated	*13,311,772*	*13,745,735*	*14,158,114*	*14,554,540*	*15,014,463*	*15,488,920*
CDCP	*27,183,563*	*25,530,079*	*26,295,996*	*27,032,280*	*27,886,500*	*28,767,713*
Non-Credit	*3,656,400*	*3,244,003*	*3,341,325*	*3,434,883*	*3,543,425*	*3,655,397*
Supplemental	*25,290,880*	*26,115,363*	*26,898,824*	*27,651,991*	*28,525,794*	*29,427,209*
Student Success	*19,925,959*	*20,575,546*	*21,192,812*	*21,786,211*	*22,474,655*	*23,184,854*
Calculated Amount	*173,956,982*	*174,538,673*	*175,638,957*	*179,842,909*	*185,525,943*	*191,388,562*
HOLD HARMLESS	*169,318,347*	*174,838,125*	*180,083,269*	*185,125,600*		
Est Apportionment (FD 11)	169,318,347	174,838,125	180,083,269	185,125,600	185,525,943	191,388,562
Est Other Income (FD 11)	17,586,340	15,438,007	15,517,248	15,517,248	15,517,248	15,517,248
Est Ongoing Expense (FD 11)	182,375,183	188,466,550	196,583,242	203,574,934	211,819,153	220,128,252
Est One Time Income (FD 13)	4,850,827					
Est One Time Expense (FD 13)	8,524,498					
Est Unrestricted FD change	855,833	1,809,582	(982,725)	(2,932,086)	(10,775,962)	(13,222,442)
Est Beginning FD Balance	37,903,213	38,759,046	40,568,628	39,585,903	36,653,817	25,877,855
Est Ending Fund Balance	38,759,046	40,568,628	39,585,903	36,653,817	25,877,855	12,655,413

Updated March 5, 2018

RANCHO SANTIAGO
Community College District
Santa Ana College • Santiago Canyon College

Rancho Santiago Community College District
Budget Allocation Model
Based on ~~SB 361~~the Student Centered Funding Formula

- The *"Rancho Santiago Community College District Budget Allocation Model Based on SB361, February 8, 2012"* was approved at the February 22, 2012 Budget Allocation and Planning Review Committee Meeting

Commented [GR1]: Remove?

Introduction

In 2008, both colleges were visited by ACCJC Accreditation Teams in the normal accreditation cycle. The Teams noticed that the district's budget allocation model that was in place for approximately ten years had not been annually reviewed as to its effectiveness as stated in the model documents. The existing revenue allocation model was developed when the district transformed into a multi college district. The visiting Team recommended a review of the existing budget allocation model and recommended changes as necessary.

Commented [GR2]: Should we keep history narrative?

The Budget Allocation and Planning Review Committee (BAPR) charged the BAPR Workgroup, a technical subgroup of BAPR, with the task of reviewing the ten year old model. In the process, the Workgroup requested to evaluate other California Community College multi-campus budget allocation models. Approximately twenty models were reviewed. Ultimately, the Workgroup focused on a revenue allocation model as opposed to an expenditure allocation model. A revenue allocation model allocates revenues (state and local) generated in a budget year to the college campuses in the district based on the state funding model that allocates state apportionment revenues to districts. An expenditure allocation model allocates, by agreed upon formulas, expenditure appropriations for full-time faculty staffing, adjunct faculty staffing, classified and administrative staffing, associated health and welfare benefit costs, supply and equipment budgets, utility costs, legal and other services. The BAPR Workgroup ultimately decided on a revenue allocation formula in order to provide the greatest amount of flexibility for the campuses.

The Student Centered Funding Formula (SCFF) was adopted on June 27, 2018 marking one of the biggest changes to California Community College funding yet. Funding is based on three allocations, 1) Base Allocation (70% of state funding) which is based on the number of colleges and comprehensive centers in the community college district and a total of FTES, 2) Supplemental Allocation (20% of state funding) based on low income students and 3) Student Success Allocation (10 % of state funding) based on student progress, transfer, completion and wage earning. ~~Senate Bill 361, passed in 2006, changed the formula of earned state apportionment revenues to essentially two elements, 1) Basic Allocations for college/center base funding rates based on FTES size of the college and center and 2) Full Time Equivalent Students (FTES) based on earned and funded FTES.~~ The ~~BAPR Workgroup~~ Fiscal Resource Committee (FRC) determined that since this is how our primary funding comes from the state this model should be used for distribution on earned revenues to the colleges. The colleges and centers are the only entities in the district that generates this type of funding. Revenue earned and funded by the state will be earned and funded at the colleges. The Budget Allocation Model (BAM) described in this document provides the guidelines, formulas, and basic steps for the development of an annual district budget including the allocation of budget expenditure responsibilities for Santa Ana College, Santiago Canyon College and District Services referred to as the three district Budget Centers. The budget is the financial plan for the district, and application of this model should be utilized to implement the district's vision, mission statement, district strategic plan and the technology strategic plan as well as the colleges' mission statements, educational master plans, facilities master plans and other planning resources. The annual implementation of the budget allocation model is to be aligned with all of these plans. To ensure that budget allocation is tied to planning, it is the responsibility of District Council to review budget and planning during the fiscal year and, if necessary, recommend adjustments to the budget allocation model to keep the two aligned for the coming year. The Chancellor and the Board of Trustees are ultimately responsible for the annual budget and the expenditures associated with the budget. In February of 2013~~,~~ the Board of Trustees adopted a new planning design manual. ~~This document eliminated BAPR and created the Fiscal Resources Committee (FRC).~~ The FRC is responsible for recommending the annual budget to the District Council for its recommendation to the Chancellor and Board of Trustees. FRC is also responsible for annual review of the model for accreditation and can recommend any modifications to the guidelines.

Commented [GR3]: Placeholder for new date of adoption.

The goal of the BAM is to create a documented revenue allocation process that provides financial stability and encourages fiscal accountability at all levels in times of either increasing or decreasing revenue streams. It is also intended to be simple, transparent, easy to understand, fair, predictable and consistent, using quantitative, verifiable factors with performance incentives. District Council should conduct a review(s) during each fiscal year to assess if the operation of the budget allocation model is meeting the goal.

Under state law, the District is the legal entity and is ultimately responsible for actions, decisions and legal obligations of the entire organization. The Board of Trustees of the Rancho Santiago Community College District has clear statutory authority and responsibility and, ultimately, makes all final decisions. Likewise, the Chancellor, under the direction of the Board of Trustees, is responsible for the successful operation, reputation, and fiscal integrity of the entire District. The funding model does not supplant the Chancellor's role, nor does it reduce the responsibility of the District Services staff to fulfill their fiduciary role of providing appropriate oversight of the operations of the entire District. It is important that guidelines, procedures and responsibility be clear with regard to District compliance with any and all laws and regulations such as the 50% Law, full-time/part-time faculty requirements, Faculty Obligation Number (FON), attendance accounting, audit requirements, fiscal and related accounting standards, procurement and contract law, employment relations and collective bargaining, payroll processing and related reporting requirements, etc. The oversight of these requirements are to be maintained by District Services, which has a responsibility to provide direction and data to the colleges to assure they have appropriate information for decision making with regard to resource allocation at the local level, thus, assuring District compliance with legal and regulatory requirements.

All revenue is considered District revenue because the district is the legal entity authorized by the State of California to receive and expend income and to incur expenses. However, the majority of revenue is provided by the taxpayers of California for the sole purpose of providing educational services to the communities and students served by the District. Services such as classes, programs, and student services are, with few exceptions, the responsibility of the colleges. It is the intent of the Revenue Allocation Model to allocate the majority of funds to the colleges in order to provide those educational services. The model intends to provide an opportunity to maximize resource allocation decisions at the local college level. Each college president is responsible for the successful operation and performance of his/her college as it relates to resource allocation and utilization. The purpose and function of the District Services in this structure is to maintain the fiscal and operational integrity of the District and its individual colleges and centers and to facilitate college operations so that their needs are met and fiscal stability is assured. District Services has responsibility for providing certain centralized functions, both to provide efficient operations as well as to assist in coordination between District Services and the colleges.

Examples of these services include human resources, business operations, fiscal and budgetary oversight, procurement, construction and capital outlay, and information technology. On the broadest level, the goal of this partnership is to encourage and support collaboration between the colleges and District Services.

Implementation

A detailed transition plan for the implementation of the new BAM should include:

- Standards and milestones for the initial year
- An evaluation process to determine if the standards and milestones have been achieved or if there is adequate progress
- A process to ensure planning is driving the budget

The 2012-2013 fiscal year is the transitional year from the old budget allocation model to the new SB 361 model. Essentially, the first year (2012-2013) of the new model is a rollover of expenditure appropriations from the prior year 2011-2012. Therefore the 2011/12 ending balance funds are used on a one time basis to cover the structural deficit spending in the 2012/13 fiscal year.

An SB 361 Budget Allocation Model Implementation Technical Committee (BAMIT) was established by the Budget Allocation and Planning Review Committee (BAPR) and began meeting in April 2012. The team included:

Commented [GR4]: Implementation section will be rewritten to describe the process used to understand how the model continually changed during implementation and transition.

District Office:	
Peter Hardash	Vice Chancellor, Business Operations/Fiscal Services
John Didion	Executive Vice Chancellor
Adam O'Connor	Assistant Vice Chancellor, Fiscal Services
Gina Huegli	Budget Analyst
Thao Nguyen	Budget Analyst
Santa Ana College:	
Linda Rose	Vice President, Academic Affairs
Jim Kennedy	Interim Vice President, Administrative Services
Michael Collins	Vice President, Administrative Services
Santiago Canyon College:	
Aracely Mora	Vice President, Academic Affairs
Steve Kawa	Vice President, Administrative Services

BAMIT was tasked with evaluating any foreseeable implementation issues transitioning from the old model and to make recommendations on possible solutions.

The team spent the next five months meeting to discuss and agree on recommendations for implementing the transition to new model using a series of discussion topics. These agreements are either documented directly in this model narrative or included in an appendix if the topic was related solely to the transition year.

It was also agreed by BAMIT that any unforeseen issue that would arise should be brought back to FRC for review and recommendation.

Revenue Allocation

The ~~SB 361 funding model essentially~~SCFF Model- allocates revenues to the colleges in the same manner as received by the District from the State of California. This method allocates all earned revenues to the colleges.

College and District Services Budgets and Expenditure Responsibilities

Since the BAM is a revenue allocation model, all expenditures and allocation of revenues under the model are the responsibilities of the colleges and centers. Expenditure responsibilities for the colleges, District Services and Institutional Costs are summarized in Table 1.

Revenue and budget responsibilities are summarized on Table 2. The total annual revenue to each college will be the sum of base, supplemental and student success funding rates for each college and center as defined by the SCFF.~~SB 361 and applying the current FTES rates for credit base, noncredit base, career development and college preparation noncredit base revenues as well as any local unrestricted or restricted revenues earned by the college.~~

The revenue allocations will be regularly reviewed by FRC. In reviewing the allocation of general funds, FRC should take into consideration all revenues, including restricted revenues, available to each of the Budget Centers less any apportionment deficits, property tax shortfalls or uncollected student fees or shortfalls. If necessary, FRC will recommend adjustments to District Council for submission to the Chancellor.

The expenditures allocated for District Services and for Institutional Costs will be developed based on the projected levels of expenditure for the prior fiscal year, taking into account unusual or one-time anomalies, reviewed by FRC and the District Council and approved by the Chancellor and the Board of Trustees.

DISTRICT SERVICES – Examples are those expenses associated with the operations of the Chancellor's Office, Board of Trustees, Public Affairs, Human Resources, Risk Management, Educational Services, Institutional Research, Business Operations, Internal Auditing, Fiscal Services, Payroll, Purchasing, Facilities Planning, ITS and Safety Services. Economic Development expenditures are to be included in the District Services budget but clearly delineated from other District expenditures.

INSTITUTIONAL COSTS – Examples are those expenses associated with State and Federal regulatory issues, property, liability and other insurances, board election, interfund transfers and Retiree Health Benefit Costs. As the board election expense is incurred every other year, it will be budgeted each year at one-half of the estimated cost. In the off years, the funds will remain unspent and specifically carried over to the next year to be used solely for the purpose of the election expense. If there is insufficient budget, the colleges will be assessed the difference based on the current FTES split. If any funds remain unspent in an election year, it will be allocated to the colleges based on the current FTES split for one-time uses.

An annual review of District Services and Institutional Costs will be conducted by District Council each fall in order to give time to complete the evaluation in time to prepare for the following fiscal year budget cycle and implement any suggestions. The review will include an evaluation of the effectiveness of the services provided to assure the District is appropriately funded. If District Council believes a change to the allocation is necessary, it will submit its recommendation to FRC for funding consideration and recommendation to the Chancellor.

District Reserves and Deficits

The Board of Trustees will establish a reserve through board policy, state guidelines and budget assumptions.

The Chancellor reserves the right to adjust allocations as necessary.

The Board of Trustees is solely responsible for labor negotiations with employee groups. Nothing in this budget model shall be interpreted to infringe upon the Board's ability to collectively bargain and negotiate in good faith with employee organizations and meet and confer with unrepresented employees.

College Budget and Expenditure Responsibilities

Colleges will be responsible for funding the current programs and services that they operate as part of their budget plans. There are some basic guidelines the colleges must follow:

- Allocating resources to achieve the state funded level of FTES is a primary objective for all colleges.
- Requirements of the collective bargaining agreements apply to college level decisions.
- The FON (Faculty Obligation Number) must be maintained by each college. Full-time faculty hiring recommendations by the colleges are monitored on an institutional basis. Any financial penalties imposed by the state due to FON non-compliance will be borne proportionately by the campus not in compliance.
- In making expenditure decisions, the impact upon the 50% law calculation must be considered and budgeted appropriately. Any financial penalties imposed by the state due to 50% law non-compliance will be borne proportionally (by FTES split) by both campuses.
- With unpredictable state funding, the cost of physical plant maintenance is especially important. Lack of maintenance of the operations and district facilities and grounds will have a significant impact on the campuses and therefore needs to be addressed with a detailed plan and dedicated budget whether or not funds are allocated from the state.

Budget Center Reserves and Deficits

At the Adopted Budget each college shall set aside a contingency reserve in the Unrestricted General Fund equal to a minimum of 1% of its total current year budgeted Fund 11 expenditures to handle unforeseen expenses. If the contingency reserve is unspent by fiscal year end, the college reserve rolls over into the colleges' beginning balance for the following fiscal year. The District Services and Institutional Cost allocations are budgeted as defined in the model for the appropriate operation of the district and therefore are not subject to carryover, unless specifically delineated. The Chancellor and Board of Trustees reserve the right to modify the budget as deemed necessary.

If a college incurs an overall deficit for any given year, the following sequential steps will be implemented:

The college reserve shall first be used to cover any deficit (structural and/or one-time). If reserves are not sufficient to cover the deficit, then the college is to prepare an immediate expenditure reduction plan that covers the amount of deficit along with a plan to replenish the 1% minimum reserve level. Once the college reserve has been exhausted, in circumstances when any remaining deficit is greater than 1.5% of budgeted Fund 11 expenditures, and a reduction plan has been prepared up to the 1.5% level, the college may request a temporary loan from District Reserves. The request, including a proposed payback period, should be submitted to FRC for review. If FRC supports the request, it will forward the recommendation to District Council for review and recommendation to the Chancellor who will make the final determination.

Revenue Modifications

Apportionment Revenue Adjustments

It is very likely each fiscal year that the District's revenues from state apportionment could be adjusted after the close of the fiscal year in the fall, but most likely at the P1 recalculation, which occurs eight months after the close of the fiscal year. This budget model therefore will be fluid, with changes made throughout the fiscal year (P-1, P-2, P-annual) as necessary. Any increase or decrease to prior year revenues is treated as a onetime addition or reduction to the colleges' current budget year and distributed in the model based on the most up to date ~~FTES~~ apportionment split reported by the District and funded by the state.

Commented [GR5]: Will the campuses be responsible for data integrity and projections used for each metric?
Discuss new 3-year average for success metrics.

An example of revenue allocation ~~and FTES~~ change:
$100,000,000 is originally split 70% Santa Ana College ($70,000,000) and 30% Santiago Canyon College ($30,000,000) based on ~~FTES~~ SCFF split at the time. At the final ~~FTES~~ SCFF recalculation for that year, the District earns an additional $500,000 based on the total funded ~~FTES~~apportionment. In addition, the split of ~~FTES~~ apportionment changes to 71%/29%. The total revenue of $100,500,000 is then redistributed $71,355,000 to Santa Ana College and $29,145,000 to Santiago Canyon College which would result in a shift of $855,000 between the colleges. A reduction in funding will follow the same calculation.

It is necessary in this model to set a base level of FTES for each college. Per agreement by the Chancellor and college Presidents, the base FTES split of 70.80% SAC and 29.20% SCC will be utilized for the 2013/14 tentative budget. Similar to how the state sets a base for district FTES, this will be the beginning base level for each college. Each year through the planning process there will be a determination made if the district has growth potential for the coming fiscal year. Each college will determine what level of growth they believe they can achieve and targets will be discussed and established through Chancellor's Cabinet. For example, if the district believes it has the opportunity for 2% growth, the colleges will determine the level of growth they wish to pursue. If both colleges decide to pursue and earn 2% growth and the district is funded for 2% growth, then each college's base would increase 2% the following year. In this case the split would still remain 70.80%/29.20% as both colleges moved up proportionately (Scenario #1). If instead, one college decides not to pursue growth and the other college pursues and earns the entire district 2% growth, all of these FTES will be added to that college's base and therefore its base will grow more than 2% and the split will then be adjusted (Scenario #2).

Commented [GR7]: Are these paragraphs needed? If so, what scenarios should we use to replace the current scenarios? How would these scenarios impact the table on page 8? Changes related to growth will be discussed.
Need to add an explanation of growth and how it is funded. Also, implication of the 3-year average.

Using this same example in which the district believes it has the opportunity for 2% growth, and both colleges decide to pursue 2% growth, however one college generates 3% growth and the other generates 2%, the college generating more FTES would have unfunded over cap FTES. The outcome would be that each college is credited for 2% growth, each base increases 2% and the split remains (Scenario #3). If instead, one college generates 3% and the other college less than 2%, the college generating the additional FTES can earn its 2% target plus up to the difference between the other college's lost FTES opportunity and the total amount funded by the district (Scenario #4).

This model should also include a stability mechanism. In a year of decline in which ~~a~~ both colleges earn~~s~~ less FTES than its base, the base FTES will remain intact following the state method for stabilization. In a year in which only one college earns less FTES than its base, the other college is funded at its earned level and any remaining funds received by the district for stability, if any, will be allocated to the college that declined. Therefore, there may only be partial or no stability funding available. In the year of decline, college(s) are in funding stability for that, but have up to three years in which to earn back to its base FTES conditional on state funding. If the college does not earn back to its base during this period, then the new lower FTES base will be established. As an example (Scenario #5), year one there is 2% growth opportunity. One of the colleges earns 2% growth but the other college declines by 1%, going into stability. This year the college that declined is held at their base level of FTES while the other college is credited for their growth. In the second year of the example, there is no growth opportunity, but the college that declined recaptures FTES to the previous year base to emerge from stability. Note that since the other college grew in year one, the percentage split has now changed.

Commented [GR6]: Changes in SCFF as they relate to stability will be discussed.

All of these examples exclude the effect of statewide apportionment deficits. In the case of any statewide deficits, the college revenues will be reduced accordingly. In addition, the Chancellor reserves the right to make changes to the ~~base FTES~~apportionment as deemed necessary in the best interest of the district as a whole.

Commented [GR8]: The concept of statewide deficits changed and will be discussed.

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	Base FTES	% split	Scenario #1	New FTES	% split
SAC	19,824	70.80%	2.00%	20,220.48	70.80%
SCC	8,176	29.20%	2.00%	8,339.52	29.20%
	28,000		2.00%	28,560.00	
	Base FTES	**% split**	**Scenario #2**	**New FTES**	**% split**
SAC	19,824	70.80%	2.82%	20,384.00	71.37%
SCC	8,176	29.20%	0.00%	8,176.00	28.63%
	28,000		2.00%	28,560.00	
	Base FTES	**% split**	**Scenario #3**	**New FTES**	**% split**
SAC	19,824		3.00%	20,418.72	
unfunded				(198.24)	
SAC	19,824	70.80%	2.00%	20,220.48	70.80%
SCC	8,176	29.20%	2.00%	8,339.52	29.20%
	28,000		2.00%	28,560.00	
	Base FTES	**% split**	**Scenario #4**	**New FTES**	**% split**
SAC	19,824		3.00%	20,418.72	
unfunded				(136.92)	
SAC	19,824	70.80%	2.31%	20,281.80	71.01%
SCC	8,176	29.20%	1.25%	8,278.20	28.99%
	28,000		2.00%	28,560.00	
YEAR 1	**Base FTES**	**% split**	**Scenario #5**	**New FTES**	**% split**
Actual Generated:					
SAC	19,824	70.80%	-1.00%	19,625.76	70.18%
SCC	8,176	29.20%	2.00%	8,339.52	29.82%
	28,000		-0.124%	27,965.28	
Calculated for Stability:					
SAC	19,824		-1.00%	19,625.76	
stabilization				282.24	
SAC	19,824	70.80%	0.42%	19,908.00	70.48%
SCC	8,176	29.20%	2.00%	8,339.52	29.52%
	28,000		0.884%	28,247.52	
YEAR 2					
Actual Generated:					
SAC	19,625.76	70.18%	1.44%	19,908.00	70.48%
SCC	8,339.52	29.82%	0.00%	8,339.52	29.52%
	27,965.28		1.009%	28,247.52	

Commented [GR9]: Update as page 6 changes.

Allocation of New State Revenues
Growth Funding: Plans from the Planning and Organizational Effectiveness Committee (POE) to seek growth funding requires FRC recommendation and approval by the Chancellor, and the plans should include how growth funds will be distributed if one of the colleges does not reach its growth target. A college seeking the opportunity for growth funding will utilize its own carryover funds to offer a schedule to achieve the desired growth. Once the growth has been confirmed as earned and funded by the state and distributed to the district, the appropriate allocation will be made to the college(s) generating the funded growth back through the model. Growth/Restoration Funds will be allocated to the colleges when they are actually earned.

Revenues which are not college specific (for example, student fees that cannot be identified by college), will be allocated based on total funded FTES percentage split between the campuses.

After consultation with district's independent audit firm, the implementation team agreed that any unpaid uncollected student fees will be written off as uncollectible at each year end. This way, only actual collected revenues are distributed in this model. At P-1, P-2 and P-annual, uncollected fee revenues will be adjusted.

Due to the instability of revenues, such as interest income, discounts earned, auction proceeds and~~,~~ vendor rebates (not including utility rebates which are budgeted in Fund 41 for the particular budget center), revenues from these sources will **not** be part of the revenue allocation formula. Income derived from these sources will be deposited to the institutional reserves. The-ongoing state allocation for the Mandates Block Grant will be allocated to the colleges through the model. Any one-time Mandates allocations received from the state will be discussed by FRC and recommendations will be made for one-time uses.

Cost of Living Adjustments: COLAs included in the tentative and adopted budgets shall be distributed to the three budget centers pro rata based on total budgeted salary and benefits expenses and sequestered and not allocated for expenditure until after collective bargaining for all groups have been finalized.

Lottery Revenue: Income for current year lottery income is received based on the prior fiscal year's FTES split. At Tentative Budget, the allocation will be made based on projected FTES without carryover. At Adopted Budget, final FTES will be used and carryovers will be included.

Other Modifications

Salary and Benefits Cost
All authorized full time and ongoing part time positions shall be budgeted with corresponding and appropriate fixed cost and health and welfare benefits. Vacant positions will be budgeted at the beginning of the fiscal year or when newly created at the ninth place ranking level (Class VI, Step 12) for full-time faculty and at the mid-level for other positions (ex. Step 3 for CSEA, Step 4 for Management, and AA step 6 for teachers and BA step 6 for master teachers in child development), with the district's average cost for the health and welfare benefits by employee group. The full cost of all positions, regardless of the budgeted amount, including step and column movement costs, longevity increment costs and any additional collective bargaining agreement costs, will be charged to the particular Budget Center. The colleges are responsible for this entire cost, including any increases or adjustments to salary or benefits throughout the year. If a position becomes vacant during a fiscal year, the Budget Center has the discretion to move unused and available budget from the previous employee's position for other one-time costs until filled or defunded. Any payoffs of accrued vacation, or any additional costs incurred at separation from employment with the district, will be borne by the particular Budget Center. When there is a vacancy that won't be filled immediately, Human Resources should be consulted as to how long it can remain vacant. The colleges should also consult Human Resources regarding the FON when recommending to defund faculty positions.

Grants/Special Projects
Due to the timeliness issues related to grants, approvals rest with the respective Chancellor's Cabinet member, through established processes, in all cases except for Economic Development grants in which a new grant opportunity presents itself which requires an increase to the District Office budget due to match or other unrestricted general fund cost. In these cases, the grant will be reviewed by Chancellor's Cabinet with final approval made by the Chancellor.

Some grants allow for charges of indirect costs. These charges will accumulate by Budget Center during each fiscal year. At fiscal ~~year end~~year-end, once earned, each college will be allocated 100% of the total indirect earned by that college and transferred into Fund 13 the following year to be used for one-time expenses. The indirect earned by district projects will roll into the institutional ending fund balance with the exception of the District Educational Services grants. In order to increase support services and resources provided to the colleges and to acknowledge the additional costs associated with administering grants, any accumulated indirect generated from these grants will be distributed as follows: 25% will roll into the institutional ending fund balance, 25% will offset the overall District Services expenditures in that given year, and 50% will carryover specifically in a Fund 13 account under Educational Services to be used for one-time expenses to increase support services to the colleges.

It is the district's goal to fully expend grants and other special project allocations by the end of the term, however sometimes projects end with a small overage or can be under spent. For any overage or allowable amount remaining, these amounts will close into the respective Budget Center's Fund 13 using 7200 transfers.

Banked LHE Load Liability
Beginning in 2012/13, the liability for banked LHE will be accounted for in separate college accounts. The cost of faculty banking load will be charged to the college during the semester the course is taught and added to the liability. When an instructor takes banked leave, they will be paid their regular salary and district office will make a transfer from the liability to the college 1300 account to pay the backfill cost of teaching the load. A college cannot permanently fill a faculty position at the time someone takes their final year or semester off before retirement. Filling a vacancy cannot occur until the position is actually vacant. In consultation with Human Resources and Fiscal Services, a college can request to swap another faculty vacancy they may have in another discipline or pay the cost differential if they determine programmatically it needs to be filled sooner.

This method will appropriately account for the costs of each semester offerings and ensure an appropriate liability. Although the liability amounts will be accounted for by college, only District Fiscal Services will be able to make transfers from these accounts. Each year end a report will be run to reconcile the total cost of the liability and if any additional transfers are required, the colleges will be charged for the differences.

Other Possible Strategic Modifications
Summer FTES
There may be times when it is in the best financial interest of the District to shift summer FTES between fiscal years. When this occurs, the first goal will be to shift FTES from both colleges in the same proportion as the total funded FTES for each of the colleges. If this is not possible, then care needs to be exercised to ensure that any such shift does not create a disadvantage to either college. If a disadvantage is apparent, then steps to mitigate this occurrence will be addressed by FRC.

Borrowing of summer FTES is not a college-level decision, but rather it is a District-level determination. It is not a mechanism available to individual colleges to sustain their internal FTES levels.

Long-Term Plans
Colleges: Each college has a long-term plan for facilities and programs. The Chancellor, in consultation with the Presidents, will evaluate additional funding that may accrue to the colleges beyond what the model provides. The

source of this funding will also have to be identified.

Santa Ana College utilizes the Educational Master Plan in concert with the SAC Strategic Plan to determine the long-term plans for the college. Long-term facilities plans are outlined in the latest Facilities Master Plan, and are rooted in the Educational Master Plan. SAC links planning to budget through the use of the SAC Comprehensive Budget Calendar, which includes planning milestones linked to the college's program review process, Resource Allocation Request (RAR) process, and to the District's planning and budget calendar. As a result of the Program Review Process, resource allocation needs are requested via the RAR process, which identifies specific resources required to achieve specific intended outcomes. The budget augmentation requests are then prioritized at the department, division, and area level in accordance with established budget criteria. The college's Planning and Budget Committee reviews the prioritized RARs, and they are posted to the campus Planning and Budget web page for the campus community to review. As available resources are realized, the previously prioritized RAR are funded.

At Santiago Canyon College, long-term plans are developed similarly to short-term plans, and exist in a variety of interconnected processes and documents. Department Planning Portfolios (DPP) and Program Reviews are the root documents that form the college's Educational Master Plan and serve to align planning with resource allocation. The allocation of resources is determined through a formal participatory governance process. The Planning and Institutional Effectiveness (PIE) committee is the participatory governance committee that is charged with the task of ensuring resource allocation is tied to planning. Through its planning cycle, the PIE committee receives resource requests from all college units and ensures that each request aligns with the college mission, college goals, program reviews, and DPPs. All requests are then ranked by the PIE committee, placed on a college-wide prioritized list of resource requests, and forwarded to the college budget committee for review. If the budget committee identifies available funds, those funds are noted on the prioritized list, and sent back to the PIE committee. The PIE committee then forwards the prioritized list, along with the budget committee's identification of available funds, to College Council for approval of the annual budget.

<u>District Services:</u> District Services and Institutional Costs may also require additional funding to implement new initiatives in support of the colleges and the district as a whole. POE will evaluate budget augmentation requests and forward a recommendation to District Council. District Council may then refer such requests to FRC for funding consideration.

Full-Time Faculty Obligation Number (FON)
To ensure that the District complies with the State required full-time Faculty Obligation Number (FON), the Chancellor will establish a FON for each college. Each college shall be required to fund at least that number of full-time faculty positions. If the District falls below the FON and is penalized, the amount of the penalty will be deducted from the revenues of the college(s) causing the penalty. FRC, along with the District Enrollment Management Committee, should regularly review the FON targets and actuals and determine if any budget adjustment is necessary. If an adjustment is needed, FRC should develop a proposal and forward it to POE Committee for review and recommendation to the Chancellor.

Budget Input
Using a system for Position Control, Fiscal Services will budget 100% of all regular personnel cost of salary and benefits, and notify the Budget Centers of the difference between the computational total budget from the Budget Allocation Model and the cost of regular personnel. The remaining line item budgets will roll over from one year to the next so the Budget Centers are not required to input every line item. The Budget Centers can make any allowable budget changes at their discretion and will also be required to make changes to reconcile to the total allowable budget per the model.

Appendix Attached

A. **Definition of Terms**

TABLE 1 Expenditure and Budget Responsibilities		Santa Ana College & CEC ☑	Santiago Canyon College & OEC ☑	District Services ☑	Institutional or Districtwide monitoring ☑
Academic Salaries- (1XXX)					
1	State required full-time Faculty Obligation Number (FON)	✓	✓	✓	✓
2	Bank Leave	✓	✓		✓
3	Impact upon the 50% law calculation	✓	✓	✓	✓
4	Faculty Release Time	✓	✓		✓
5	Faculty Vacancy, Temporary or Permanent	✓	✓		
6	Faculty Load Banking Liability	✓	✓		✓
7	Adjunct Faculty Cost/Production	✓	✓		
8	Department Chair Reassigned Time	✓	✓		✓
9	Management of Sabbaticals (Budgeted at colleges)	✓	✓		✓
10	Sick Leave Accrual Cost	✓	✓		✓
11	AB1725	✓	✓		
12	Administrator Vacation	✓	✓	✓	
Classified Salaries- (2XXX)					
1	Classified Vacancy, Temporary or Permanent	✓	✓	✓	
2	Working Out of Class	✓	✓	✓	
3	Vacation Accrual Cost	✓	✓	✓	
4	Overtime	✓	✓	✓	
5	Sick Leave Accrual Cost	✓	✓	✓	
6	Compensation Time taken	✓	✓	✓	
Employee Benefits-(3XXX)					
1	STRS Employer Contribution Rates, Increase/(Decrease)	✓	✓	✓	
2	PERS Employer Contribution Rates, Increase/(Decrease)	✓	✓	✓	
3	OASDI Employer Rates, Increase/(Decrease)	✓	✓	✓	
4	Medicare Employer Rates, Increase/(Decrease)	✓	✓	✓	
5	Health and Welfare Benefits, Increases/(Decrease)	✓	✓	✓	
6	SUI Rates, Increase/(Decrease)	✓	✓	✓	
7	Workers' Comp. Rates, Increase/(Decrease)	✓	✓	✓	
8	Retiree Health Benefit Cost				
	-OPEB Liability vs. "Pay-as-you-go"				✓
9	Cash Benefit Fluctuation, Increase/(Decrease)	✓	✓	✓	
Other Operating Exp & Services-(5XXX)					
1	Property and Liability Insurance Cost				✓
2	Waiver of Cash Benefits	✓	✓	✓	
3	Utilities				

	-Gas	✓	✓	✓	
	-Water	✓	✓	✓	
	-Electricity	✓	✓	✓	
	-Waste Management	✓	✓	✓	
	-Water District, Sewer Fees	✓	✓	✓	
4	Audit			✓	✓
5	Board of Trustee Elections				✓
6	Scheduled Maintenance	✓	✓		✓
7	Copyrights/Royalties Expenses	✓	✓		
Capital Outlay-(6XXX)					
1	Equipment Budget				
	-Instructional	✓	✓	✓	✓
	-Non-Instructional	✓	✓	✓	✓
2	Improvement to Buildings	✓	✓	✓	✓
3	Improvement to Sites	✓	✓	✓	✓

TABLE 2 Revenue and Budget Responsibilities		**Santa Ana College & CEC ☑**	**Santiago Canyon College & OEC ☑**	**District Services ☑**	**Institutional or Districtwide monitoring ☑**
Federal Revenue- (81XX)					
1	Grants Agreements	✓	✓	✓	
2	General Fund Matching Requirement	✓	✓	✓	
3	In-Kind Contribution (no additional cost to general fund)	✓	✓	✓	
4	Indirect Cost (overhead)	✓	✓	✓	✓
State Revenue- (86XX)					
1	Base Funding	✓	✓		✓
	Supplemental Funding	✓	✓		✓
	Student Success Funding	✓	✓		✓
2	Apportionment	✓	✓		✓
3	COLA or Negative COLA	✓	✓	✓	✓ subject to collective bargaining
4	Growth, Work Load Measure Reduction, ***Negative Growth***	✓	✓	✓	✓
5	Categorical Augmentation/Reduction	✓	✓	✓	
6	General Fund Matching Requirement	✓	✓	✓	
7	Apprenticeship	✓	✓		
8	In-Kind Contribution	✓	✓	✓	
9	Indirect Cost	✓	✓	✓	✓
10	Lottery				

	- Unrestricted (abate cost of utilities)	✓	✓	✓	
	- Restricted-Proposition 20	✓	✓		
11	Instructional Equipment Matches (3:1)	✓	✓		✓ and will have chargeback to site proportionally
12	Scheduled Maintenance Matches (1:1)	✓	✓	✓	✓ and will have chargeback to site proportionally
13	Part time Faculty Compensation Funding	✓	✓		✓ subject to collective bargaining
14	State Mandated Cost	✓	✓		✓
Local Revenue- (88XX)					
1	Contributions	✓	✓	✓	
2	Fundraising	✓	✓	✓	
3	Proceed of Sales	✓	✓	✓	
4	Health Services Fees	✓	✓		
5	Rents and Leases	✓	✓	✓	
6	Enrollment Fees	✓	✓		
7	Non-Resident Tuition	✓	✓		
8	Student ID and ASB Fees	✓	✓		
9	Parking Fees			✓	✓

Rancho Santiago Community College District

Budget Allocation Model Based on ~~SB 361~~the SCFF

Appendix A – Definition of Terms

AB 1725 – Comprehensive California community college reform legislation passed in 1988, that covers community college mission, governance, finance, employment, accountability, staff diversity and staff development.

Accreditation – The review of the quality of higher education institutions and programs by an association comprised of institutional representatives. The Accrediting Commission for Community and Junior Colleges (ACCJC) of the Western Association of Schools and Colleges (WASC) accredits California's community colleges.

Apportionments – Allocations of state or federal aid, local taxes, or other monies among school districts or other governmental units. The district's base revenue provides most of the district's revenue. The state general apportionment is equal to the base revenue less budgeted property taxes and student fees. There are other smaller apportionments for programs such as apprenticeship and EOPS.

Augmentation – An increased appropriation of budget for an intended purpose.

Bank Leave – Faculty have the option to "bank" their beyond contract teaching load instead of getting paid during that semester. They can later request a leave of absence using the banked LHE.

BAM – Budget Allocation Model.

BAPR – Budget and Planning Review Committee.

Base Allocation (Funding) – 70% of statewide budget. Apportioned to districts based on college size and FTES.

Base FTES – The amount of funded actual FTES from the prior year becomes the base FTES for the following year. For the tentative budget preparation, the prior year P1 will be used. For the proposed adopted budget, the prior year P2 will be used. At the annual certification at the end of February, an adjustment to actual will be made.

Budget Center – The three Budget Centers of the district are Santa Ana College, Santiago Canyon College and the District Services.

Budget Stabilization Fund – The portion of the district's ending fund balance, in excess of the 5% reserve, budget center carryovers and any restricted balances, available for one-time needs at the discretion of the chancellor and Board of Trustees.

Cap – An enrollment limit beyond which districts do not receive funds for additional students.

Capital Outlay – Capital outlay expenditures are those that result in the acquisition of, or addition to, fixed assets. They are expenditures for land or existing buildings, improvement of sites, construction of buildings, additions to buildings, remodeling of buildings, or initial or additional equipment. Construction-related salaries and expenses are included.

Categorical Funds – Money from the state or federal government granted to qualifying districts for special programs, such as Matriculation or Vocational Education. Expenditure of categorical funds is restricted to the fund's particular purpose. The funds are granted to districts in addition to their general apportionment.

Center – An off-campus site administered by a parent college that offers programs leading to certificates or degrees that are conferred by the parent institution. The district centers are Centennial Education Center and Orange Education Center.

COLA – Cost of Living Adjustment allocated from the state calculated by a change in the Consumer Price Index (CPI).

College Reserve – College-specific one-time funds set aside to provide for estimated future expenditures or deficits, for working capital, economic uncertainty, or for other purposes.

Decline – When a District (or college internally) earns fewer FTES than the previous year. (please see Stabilization and Restoration)

Defund – Permanently eliminating a position and related cost from the budget.

Ending Fund Balance – Defined in any fiscal year as Beginning Fund Balance plus total revenues minus total expenditures. The Ending Fund Balance rolls over into the next fiscal year and becomes the Beginning Fund Balance. It is comprised of College Reserves, Institutional Reserves and any other specific carryovers as defined in the model or otherwise designated by the Board.

Fifty Percent Law (50% Law) – Section 84362 of the Education Code, commonly known as the 50% Percent Law, requires each community college district to spend at least half of its "current expense of education" each fiscal year on the "salaries of classroom instructors." Salaries include benefits and salaries of instructional aides.

Fiscal Year – Twelve calendar months; in California, it is the period beginning July 1 and ending June 30. Some special projects use a fiscal year beginning October 1 and ending September 30, which is consistent with the federal government's fiscal year.

FON – Faculty Obligation Number, the number of ~~full time~~full-time faculty the district is required to employ as set forth in title 5, section 53308.

FRC – Fiscal Resources Committee.

FTES – Full Time Equivalent Students. The number of students in attendance as determined by actual count for each class hour of attendance or by prescribed census periods. Every 525 hours of actual attendance counts as one FTES. The number 525 is derived from the fact that 175 days of instruction are required each year, and students attending classes three hours per day for 175 days will be in attendance for 525 hours (3 x 175 = 525).

Fund 11 – The unrestricted general fund used to account for ongoing revenue and expenditures.

Fund 12 – The restricted general fund used to account for categorical and special projects.

Fund 13 – The unrestricted general fund used to account for unrestricted carryovers and one-time revenues and expenses.

Growth – Funds provided in the state budget to support the enrollment of additional FTE students.

In-Kind Contributions – Project-specific contributions of a service or a product provided by the organization or a third-party where the cost cannot be tracked back to a cash transaction which, if allowable by a particular grant, can be used to meet matching requirements if properly documented. In-kind expenses generally involve donated labor or other expense.

Indirect Cost – Indirect costs are institutional, general management costs (i.e., activities for the direction and control of the district as a whole) which would be very difficult to be charged directly to a particular project. General management costs consist of administrative activities necessary for the general operation of the agency, such as accounting, budgeting, payroll preparation, personnel services, purchasing, and centralized data processing. An indirect cost rate is the percentage of a district's indirect costs to its direct costs and is a standardized method of charging individual programs for their share of indirect costs.

Institutional Reserve – Overall districtwide one-time funds set aside to provide for estimated future expenditures or deficits, for working capital, economic uncertainty, or for other purposes. The Institutional Reserve consists of the Board Policy Contingency, the Budget Stabilization Fund, and any other contingency fund held at the institutional level over and above the College Reserves.

LHE – Lecture Hour Equivalent. The standard instructional work week for faculty is fifteen (15) LHE of classroom assignments, fifteen (15) hours of preparation, five (5) office hours, and five (5) hours of institutional service. The normal teaching load for faculty is thirty (30) LHE per school year.

Mandated Costs – District expenses which occur because of federal or state laws, decisions of federal or state courts, federal or state administrative regulations, or initiative measures.

Modification – The act of changing something.

POE – Planning and Organizational Effectiveness Committee.

Proposition 98 – Proposition 98 refers to an initiative constitutional amendment adopted by California's voters at the November 1988 general election which created a minimum funding guarantee for K-14 education and also required that schools receive a portion of state revenues that exceed the state's appropriations limit.

Reserves – Funds set aside to provide for estimated future expenditures or deficits, for working capital, economic uncertainty, or for other purposes. Districts that have less than a 5% reserve are subject to a fiscal 'watch' to monitor their financial condition.

Restoration – A college increases its FTES back to the level prior to the year of decline based on the total computational revenue amount. Districts are entitled to restore FTES during the three years following the initial year of decline, but only receive stability funding in year one. (please see Decline and Stabilization)

~~**SB 361** – The New Community College Funding Model (Senate Bill 361), effective October 1, 2006, includes funding base allocations depending on the number of FTES served, credit FTES funded at an equalized rate, noncredit FTES funded at an equalized rate, and enhanced noncredit FTES funded at an equalized rate. The intent of the formula is to provide a more equitable allocation of system wide resources, and to eliminate the complexities of the previous Program Based Funding model while still retaining focus on the primary component of that model, instruction. In addition, the formula provides base operational allocations for colleges and centers scaled for size.~~

SCFF – The Student Centered Funding Formula is the states new model for funding California community colleges. Made up of three parts, Base Allocation, Supplemental Allocation and Student Success Allocation, the aim of the SCFF is to improve student outcomes as a whole while targeting student equity and success.

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Seventy-five/twenty-five (75/25) – Refers to policy enacted as part of AB 1725 that sets 75 percent of the hours of credit instruction as a goal for classes to be taught by full-time faculty.

Stabilization – A District receives stability funding from the state (funding at the prior year FTES level) the first year of FTES decline. Each college receives its share of the stability funding based on an internal stability mechanism described in this Budget Allocation Model. (please see Decline and Restoration)

Student Success Allocation (Funding) – 10% of statewide budget. Apportioned to districts based on a variety of metrics that measures student success. Some examples of the metrics used include associate degrees awarded, certificate degrees awarded, students who earn a regional living wage within a year after leaving college and students that complete transfer level math and english courses in their first year.

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Supplemental Allocation (Funding) – 20% of the statewide budget. Apportioned to districts based on districts students that are Pell Grant Recipients, AB540 students and/or California Promise Grant Recipients.

Target FTES – The estimated amount of agreed upon FTES the district or college anticipates the opportunity to earn growth/restoration funding during a fiscal year.

Title 5 – The portion of the California Code of Regulations containing regulations adopted by the Board of Governors which are applicable to community college districts.

1300 accounts – Object Codes 13XX designated to account for part time teaching and beyond contract salary cost.

7200 Transfers – Intrafund transfers made between the restricted and unrestricted general fund to close a categorical or other special project at the end of the fiscal year or term of the project.

RSCCD Tentative Budget Calendar

Fiscal Year 2020 – 2021

September 9, 2019

January 10, 2020	Governor’s 2020-2021 Proposed Budget Released
February 19, 2020	Fiscal Resource Committee (FRC) Develops Budget Assumptions And Recommends to District Council
March 2, 2020	District Council Reviews and Recommends Budget Assumptions to Chancellor
March 3, 2020	Sites begin work on budget development worksheets for Tentative Budget: SAC/CEC; SCC/OEC; District Services
March 23, 2020	Board Approves Budget Assumptions
April 24, 2020	Budget Deadline for Budget Centers to submit Budget Change Forms to Business Operation & Fiscal Services
May 15, 2020	Governor’s May Revise
May 21, 2020 (Thursday)	FRC Recommends Tentative Budget to District Council
June 1, 2020	District Council Reviews and Recommends Budget to Chancellor
June 10,11,12, 2020	Budget on Display for Public Review
June 15, 2020	Board of Trustees Approves Tentative Budget

RSCCD Adopted Budget Calendar

Fiscal Year 2020 – 2021
September 9, 2019

July 1, 2020	Governor Signs State Budget
July 1, 2020	Fiscal Resource Committee (FRC) Develops Budget Assumptions and Recommends to District Council
July 6, 2020	District Council Reviews and Recommends Budget Assumptions to Chancellor
July 7, 2020	Sites begin work on budget development worksheets for Budget
	SAC/CEC
	SCC/OEC
	District Services
July 13, 2020	Board Approves Updated Budget Assumptions
August 7, 2020	Budget Deadline for Budget Centers to Submit Budget Change Forms to Business Operation & Fiscal Services
August 10, 2020	Board Approval of Public Hearing Inspection Notice
August 19, 2020	Proposed Budget to FRC for Recommendation to District Council
August 24, 2020	District Council Reviews and Recommends Budget to Chancellor
September 9,10,11, 2020	Budget on Display for Public Review
September 14, 2020	Board of Trustees Adopts the Budget
September 15, 2020– June 30, 2021	Board of Trustees Approves Ongoing Budget Changes for 2020-2021 Budget

Other Budget Transfers following State Revisions to Apportionment

- P-1: February
- Prior Year Recalculation: Dec/Jan
- P-2: June

Vacant Funded Positions as of 9/12/2019 - Projected Annual Salary and Benefits Savings

Fund	Management/ Academic/ Confidential	Position ID	Title	Reasons	Site	Effective Date	Notes	2019-20 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Birk, John	5HR-UF-DIR	Director, Information System	Retirement	District	7/11/2019		232,541	
11	Bland, Antoinette	5SAFE-UF-CHIEF	Chief, District Safety & Security	Retirement	District	12/10/2018	Michael Toledo#1446793 Interim Assignment 7/1/19-6/30/20. Board docket 8/12/2019	214,502	
11	Iannaccone, Judith	5PAG-UF-DIR	Director, Public Affairs & Publications	Retirement	District	8/31/2018		194,891	739,380
50%-fd 11 50%-fd 12	Santoyo, Sarah	5RDEV-UF-DIRX	Executive Director Resource Development	Promotion	District	1/28/2019		97,446	
11	New-Assistant Professor of Physics AC19-0720				SAC		AC19-0720 Professor of Physics was not hired, redirected to Performing Arts	143,273	
11	Brown, Laurence	1CMST-FF-IN	Instructor, Comm Studies	Retirement	SAC	6/7/2019		143,273	
11	Budarz, Timo	1PHYS-FF-IN	Instructor, Physics	Resignation	SAC	10/26/2018		143,273	
11	Dominguez, Gary M.	1FIAC-AF-DIR	Director, Fire Instruction	Retirement	SAC	8/23/2019	Interim Assignment 8/19/19-06/30/20 Michael Busch#1027462	98,795	
11	English, Noemi	1DSL-FF-IN	Instructor, Automotive Technology/Engine	Resignation	SAC	10/8/2018		143,273	
11	Giroux, Regina	1NURS-FF-IN	Instructor, Nursing	Retirement	SAC	12/15/2018		143,273	
11	Holder, Vera M.	1CMST-FF-IN	Instructor, Communication Studies	Retirement	SAC	6/7/2019		148,833	
11	Jaffray, Shelly C.	1HSS-AF-DN	Dean, Humanities & Social Sciences	Retirement	SAC	6/30/2019	AC19-0751. Interim Assignment Javier Galvan	258,749	2,946,997
11	Lewis, Michael L.	1EMLS-FF-IN2	Instructor, ESL Writing	Retirement	SAC	6/8/2019		143,273	
50%-fd 11 50%-fd 12	Ortiz, Fernando	1ACA-NF-CORD9	Coordinator, Guided Pathways	Promotion	SAC	4/1/2019		71,636	
11	Priest, Michelle A.	1SMHS-AF-DN	Dean, Science, Math & Health Sciences	Resignation	SAC	6/30/2019	AC19-0712 Rebecca Miller Interim Assignment 3/6/19-6/30/19. Carolyn Breeden Interim Assignment 1/28/19-3/5/2019.	225,042	
11	Sadler, Dennis	1CNSL-NF-CN1	Counselor/Instructor	Retirement	SAC	6/30/2019		143,273	
11	Serrano, Maximiliano H.	1AUTO-FF-IN	Instructor, Automotive Technology	Resignation	SAC	10/5/2018		143,273	
11	Sherod, Susan M.	1ENGR-FF-IN	Engineering Instructor	Retirement	SAC	6/30/2019		167,199	
11	Sneddon, Marta	1CJA-FF-IN	Instructor, CJ/Fire Academy	Retirement	SAC	6/8/2019		143,273	
11	Vazquez, Alejandro	1CUST-UF-SUPR	Custodial Supervisor	Probational Dismissal	SAC	7/17/2019	CL19-1321	101,936	
11	Vega, Kennethia J.	1PRES-OF-ASPR	Assistant to the President	Lateral	SAC	2/28/2019	CL19-1310	133,058	
11	Vercelli, Julia C.	10CO-NF-CN3	Counselor	Retirement	SAC	6/30/2018		155,479	
11	Waterman, Patricia J.	1ART-FF-IN	Instructor, Art	Retirement	SAC	6/9/2019		153,541	
11	Wright, George	1CJ-FF-IN	Instructor, Criminal Justice	Retirement	SAC	12/15/2018		143,273	
11	Coto, Jennifer	2CG-NF-CORD	Coordinator, Hispanic Serving Institution	Promotion	SCC	7/23/2019		189,816	
11	Geissler, Joseph	2LIB-NF-LIB	Librarian	Deceased	SCC	3/9/2019		143,273	692,654
11	Lawson, Cassell A.	2CAR-AF-DN	Dean,Business &Career Technical Education	Resignation	SCC	5/27/2019	Elizabeth Arteaga Interim Assignment 12/31/19	234,660	
11	Nguyen, Steven	2CHEM-FF-IN	Chemistry Instructor	Resignation	SCC	8/19/2019		124,905	
								4,379,031	
	Classified		Title	Reasons		Effective Date	Notes	2019-20 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Buzzone, Lisa	5PAY-CF-SPPA1	Payroll Specialist	Probational Dismissal	District	6/14/2019	CL19-1303	100,308	
11	Chen, Yusue (Rosa)	5APPS-CF-SPA3F	Applications Specialist III	Retirement	District	6/3/2019	CL19-1289	143,441	
11	Gonzalez, Jaime	5SSP-CM-DSO12	P/T District Safety Officer	Resignation	District	8/27/2017		21,989	
60%-fd 11 40%-fd 12	Lordanich, Joseph A.	5YSP-CF-DSOS5	Senior District Safety Officer	Transfer	District	7/15/2019	Transfer Joseph Lordanich#1503145 eff 7/15/2019	61,586	676,462
11	Nguyen, James V.	5DMC-CF-CUSR	Senior Custodian/Utility Worker	Probational Dismissal	District	8/6/2019		61,185	
60%-fd 11 40%-fd 12	Rabiola, Anthony	5SSP-CF-DSO10	District Safety Officer	Medical Layoff	District	6/21/2019	Reorg#1148 Senior District Safety Officer	96,987	
	Trujillo Zuniga, Beatrice	5SSO-CF-CLSR2	Senior Clerk/Communication (Bilingual)	Promotion	District	7/9/2019	CL19-1317	82,352	
11	Yamoto, Sec. Stephanie	5FACL-CF-SPFP	Facility Planning Specialist	Resignation	District	8/26/2019		108,614	
70%-fd 11 30%-fd 12	Adame, Patricia A.	10AD-CF-SECA2	Administrative Secretary	Retirement	CEC	12/30/2019		37,576	
11	Crawford, Jonathan A.	1GRDS-CM-WKR2	P/T Gardener/Utility Worker	Resignation	SAC	6/25/2019	CL19-1309 Budget in account 11-0000-696000-17300-2310 Reorg#1095	26,131	
11	Garcia, Elsa M.	1PAG-CF-SECA	Administrative Secretary	Resignation	SAC	6/19/2019		98,703	446,953
11	McCabe, Caroline V.	1ARTG-CF-CORD	Art Gallery Coordinator	Deceased	SAC	6/29/2019		73,849	
11	Morillo, Jose C.	1CUST-CF-CUSL1	Lead Custodian	Retirement	SAC	7/31/2019		66,223	
94%-fd 11 6%-fd 31	Reynoso, Mark	1AUX-CF-ACTS2	Senior Accountant	Promotion	SAC	7/1/2019		110,961	
40%-fd 11 60%-fd 12	Vu, Giang T.	1ASMT-CF-CLAD	Administrative Clerk	Retirement	SAC	8/31/2019		33,511	
14%-fd 11 86%-fd 12	Berganza, Leyvi C	20SS-CF-SPOR1	High School & Community Outreach Specialist	Promotion	OEC	3/19/2017		13,847	
11	Gardener-Lead		Gardener-Lead	Reorg#1154	SCC		CL19-1314 REORG#1154	86,656	
11	Gardener/Utility Worker 1 of 3		Gardener/Utility Worker 1 of 3	Reorg#1154	SCC		CL19-1315 REORG#1154 1 of 3	81,229	
11	Gardener/Utility Worker 2 of 3		Gardener/Utility Worker 2 of 3	Reorg#1154	SCC		CL19-1315 REORG#1154 2 of 3	81,229	
11	Gardener/Utility Worker 3 of 3		Gardener/Utility Worker 3 of 3	Reorg#1154	SCC		CL19-1315 REORG#1154 3 of 3	81,229	
11	P/T Gardener/Utility Worker 1 of 2		P/T Gardener/Utility Worker 1 of 2	Reorg#1154	SCC		CL19-1316 REORG#1154 1 of 2	21,163	
11	P/T Gardener/Utility Worker 2 of 2		P/T Gardener/Utility Worker 2 of 2	Reorg#1154	SCC		CL19-1316 REORG#1154 2 of 2	21,163	
11	Gitonga, Kanana	2INTL-CF-CORD	International Student Coordinator	Retirement	SCC	1/31/2019	WOC Esther Meade 1/1/19-5/31/19	110,841	887,692
11	Huerta, Alfonso	2MDIA-CF-TECH1	Media Systems Electronics Technician	Retirement	SCC	8/31/2019	CL19-1319	98,669	
11	Ner, Florence	2ADMS-CF-ACTS2	Senior Accountant	Resignation	SCC	6/12/2019	CL19-1291	111,581	
11	Padron, Baltimore	2FINA-CF-ANYS4	Financial Aid Analyst	Promotion	SCC	5/1/2019		97,532	
11	Perez, Justin J.	2CUS-CM-CUS5	P/T Custodian	Probational Dismissal	SCC	4/18/2019	CL19-1293	1,467	
11	Tran, Duy T.	20CU-CF-CUS6	Custodian	Medical Layoff	SCC	4/18/2019	CL19-1292	81,086	
								2,011,108	
TOTAL								6,390,139	

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

MEASURE Q

Projects Cost Summary

08/31/19 on 09/09/19

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2019-2020 Expenditures	FY 2019-2020 Encumbrances	Cumulative Exp & Enc	Project Balance	% Spent
ACTIVE PROJECTS								
SANTA ANA COLLEGE								
3035/ 3056	Johnson Student Center	59,431,532	12,097,425	2,603,858	41,172,150	55,873,434	3,558,098	94%
	Agency Cost		477,737	1,125	1,857	480,720		
	Professional Services		3,710,137	79,621	3,396,702	7,186,460		
	Construction Services		7,909,551	2,523,112	37,773,591	48,206,254		
	Furniture and Equipment		-	-	-	-		
3049	Science Center & Building J Demolition	70,480,861	38,623,078	2,553,006	17,443,573	58,619,657	11,861,204	83%
	Agency Cost		427,263	-	1,696	428,959		
	Professional Services		7,089,932	55,883	2,319,904	9,465,719		
	Construction Services		31,105,882	2,371,730	15,005,622	48,483,234		
	Furniture and Equipment		-	125,393	116,352	241,745		
	TOTAL ACTIVE PROJECTS	**129,912,393**	**50,720,503**	**5,156,864**	**58,615,723**	**114,493,091**	**15,419,302**	**88%**
CLOSED PROJECTS								
3032	Dunlap Hall Renovation	12,620,659	12,620,659	-	-	12,620,659	0	100%
	Agency Cost		559	-		559		
	Professional Services		1,139,116	-	-	1,139,116		
	Construction Services		11,480,984	-	-	11,480,984		
	Furniture and Equipment		-	-	-	-		
3042	Central Plant Infrastructure	57,277,129	57,266,535	-	-	57,266,535	10,594	100%
	Agency Cost		416,740	-	-	416,740		
	Professional Services		9,593,001	-	-	9,593,001		
	Construction Services		47,216,357	-	-	47,216,357		
	Furniture and Equipment		40,437	-	-	40,437		
3043	17th & Bristol Street Parking Lot	198,141	198,141	-	-	198,141	0	100%
	Agency Cost		16,151	-	-	16,151		
	Professional Services		128,994	-	-	128,994		
	Construction Services		52,996	-	-	52,996		
	Furniture and Equipment		-	-	-	-		
	TOTAL CLOSED PROJECTS	**70,095,929**	**70,085,334**	-	-	**70,085,334**	**10,594**	**100%**
	GRAND TOTAL ALL PROJECTS	**200,008,322**	**120,805,837**	**5,156,864**	**58,615,723**	**184,578,425**	**15,429,897**	**92%**

SOURCE OF FUNDS

ORIGINAL Bond Proceeds	198,000,000
Interest Earned	2,008,322
Totals	**200,008,322**

Rancho Santiago Community College
FD 11/13 Combined -- Unrestricted General Fund Cash Flow Summary
FY 2019-20, 2018-19, 2017-18
YTD Actuals- August 31, 2019

	FY 2019/2020											
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
Beginning Fund Balance	$38,759,045	$52,455,151	$49,228,192	$49,228,192	$49,228,192	$49,228,192	$49,228,192	$49,228,192	$49,228,192	$49,228,192	$49,228,192	$49,228,192
Total Revenues	24,335,622	10,776,740	0	0	0	0	0	0	0	0	0	0
Total Expenditures	10,639,517	14,003,699	0	0	0	0	0	0	0	0	0	0
Change in Fund Balance	13,696,105	(3,226,959)	0	0	0	0	0	0	0	0	0	0
Ending Fund Balance	52,455,151	49,228,192	49,228,192	49,228,192	49,228,192	49,228,192	49,228,192	49,228,192	49,228,192	49,228,192	49,228,192	49,228,192

	FY 2018/2019											
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
Beginning Fund Balance	$37,903,213	$41,275,963	$35,157,531	$35,434,499	$27,561,284	$25,844,907	$39,405,066	$39,371,921	$28,793,164	$28,369,733	$39,111,613	$30,603,274
Total Revenues	12,626,143	6,732,548	14,600,385	7,442,505	17,105,605	29,957,387	14,004,082	6,570,808	15,379,629	26,037,945	9,298,822	31,999,654
Total Expenditures	9,253,392	12,850,980	14,323,417	15,315,721	18,821,982	16,397,228	14,037,228	17,149,564	15,803,060	15,296,065	17,807,162	23,843,882
Change in Fund Balance	3,372,750	(6,118,432)	276,968	(7,873,215)	(1,716,377)	13,560,159	(33,145)	(10,578,756)	(423,431)	10,741,880	(8,508,340)	8,155,771
Ending Fund Balance	41,275,963	35,157,531	35,434,499	27,561,284	25,844,907	39,405,066	39,371,921	28,793,164	28,369,733	39,111,613	30,603,274	38,759,045

	FY 2017/2018											
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
Beginning Fund Balance	$35,254,317	$40,165,384	$34,555,513	$34,261,380	$26,080,179	$27,224,885	$42,521,590	$43,680,834	$33,946,676	$32,674,972	$35,963,224	$26,790,583
Total Revenues	13,230,747	6,401,471	13,730,226	7,947,537	17,388,889	29,510,148	14,345,552	4,546,656	15,319,442	17,749,412	6,431,657	38,131,074
Total Expenditures	8,319,680	12,011,343	14,024,358	16,128,738	16,244,183	14,213,443	13,186,308	14,280,814	16,591,146	14,461,160	15,604,298	27,018,444
Change in Fund Balance	4,911,068	(5,609,872)	(294,132)	(8,181,201)	1,144,706	15,296,705	1,159,244	(9,734,158)	(1,271,704)	3,288,252	(9,172,641)	11,112,630
Ending Fund Balance	40,165,384	34,555,513	34,261,380	26,080,179	27,224,885	42,521,590	43,680,834	33,946,676	32,674,972	35,963,224	26,790,583	37,903,213

Fiscal Resources Committee
Executive Conference Room – District Office
1:30 p.m. – 3:00 p.m.

Meeting Minutes for August 21, 2019

FRC Members Present: Steven Deeley, Peter Hardash, Bart Hoffman, Thao Nguyen, William Nguyen, Adam O'Connor, Arleen Satele, Roy Shabazian, Jose Vargas

Alternates/Guests Present: George Walters, CWP, Justine Banal, Mark Reynoso

1. **Welcome:** Mr. Hardash called the meeting to order at 1:34 p.m.

2. **Committee Faculty Co-Chair Appointment**

   Mr. Hardash solicited a motion to approve the appointment of Roy Shabazian as the committee faculty co-chair from SAC. A motion was made by Mr. Hoffman, seconded by Mr. Nguyen and approved unanimously.

3. **State/District Budget Update**
   - 2019/20 Advance Apportionment: Mr. Hardash provided an overview of the advance apportionment memo.
     - 2018-19 P2 funding as the advance apportionment for 2019-20; does not apply to held harmless districts. The formula will continue to change for the "winner" districts, however will not receive any additional funding.
     - The term "constraint" instead of "deficit" now being used as part of their marketing tactics.
     - State Budget Act talks about recalculation of funding rates once again. However, none of the rates are applied in the advance apportionment. Forever frozen at 70-20-10 (base allocation, supplemental allocation & student success allocation respectively).
     - Student Success metrics will be calculated and funded based on a 3-year average. Final adjustments will be available until March 2020 P1 which will contain last year and this year's figure.
     - Mr. Hardash predicts that by the following year, more than three quarters of our system will be held harmless districts since there's no new funding source for the new formula. Our continuous decline of enrollment may put us in a held harmless category. We will take a conservative view and expect COLA as a basic level of funding.
     - Our COLA is not being funded with the State dollars but with our 6.5 million above the line from P2 (calculated, not the constraint number; 1M less).

4. **Closeout of 2018/19 Budget**
   - Recap of 2018/19 SCFF Metrics
     - Mr. Walters walked the committee through the SCFF Metrics.
       - Funding is distributed on a district level
       - 3-year average is the basis of funding and not what was produced
       - Budget stabilization mechanism kept us above the line for 18/19
       - Mr. Hardash plans to treat any additional funding received over hold-harmless (whole or part of $4.6M) as one-time funding. Funding will not be allocated until March 1, 2020

        - $4.6 million is not factored in our ending balance
        - Discrepancy between RSCCD MIS data reported oppose to what the State shows. Our ITS team currently evaluating different variables that may address this issue.
- Final Budget Allocation Model Distribution of Carryover – Mr. O'Connor briefly discussed key areas:
    - Total carryover for Fund 11 and 13: $6.7 million for SAC and $2.3 million for SCC.
    - Corrections will be made between colleges and centers figures as discussed which will not affect bottom line.
- 50% Law Compliance Update
    - 67% for SAC and 59% for SCC; 55% combined, this includes additional 1% effect for STRS on-behalf.

5. Proposed Adopted General Fund Budget

- Budget Assumptions Update
    - Mr. O'Connor went through the updated items that either increased or decreased.
        - Item 1.b. projected COLA from $5.7 million to $5.5 million
        - Item 1.d. went down to $4 million due to last FTES calculations
        - Item 2.I. actual 2018/19 figure for Apprenticeship is $3.1 million
        - Item M. we will be funded $329,000 for scheduled maintenance
        - Item 3.d. adjustments with STRS and PERS calculations
        - Item G. actual calculation for ARC savings is $764,000
        - 1.8 million (difference between New Revenues and New Expenditures) will remain unallocated and set aside

    Mr. Hardash reminded the committee that the $2 million expenses related to ADA compliance lawsuit will be funded by 2018/19 ending balance and not our on-going budget. RSCCD would have been in a greater disadvantage had one-time funds not been available. He strongly recommended to always take a cautious approach on our structural budget.

    - Mr. O'Connor reported on the 2018/19 Ending Balance and Carryover:
        - Increase of $855,000 which brought up our total ending balance to $38.8 million
        - Unrestricted/Unallocated balance of $1.8 million
        - As previously mentioned, total carryover for Fund 11 and 13: $6.7 million for SAC and $2.3 million for SCC
        - Board Policy Contingency fund of $24.9 million. Based on 12.5% of district expenditures
        - Budget Stabilization fund of $1.3 million
        - $1.8 budget to be distributed through the model between SAC & SCC following the 2018/19 close out formula, if funds are confirmed earned available
- **2018/19 Recap of Unrestricted General Fund** – Mr. O'Connor discussed the major Changes Comparing Adopted Budget to Actuals
    - Additional $5.5 million in revenue, including additional interest, full-time faculty allocation, apportionment, lottery, apprenticeship, and other sources
    - Expenditures went up to $4.7 million, the vast majority ($4.5) from additional expenditures over the adopted budget in 13XX/14XX ($3 million SAC, $1.5 million SCC)

Mr. Hardash called for a motion to approve the Proposed Adopted General Fund Budget.

A motion was made by Mr. Hoffman, seconded by Mr. Vargas, and approved unanimously.

6. **Continued Discussion of SCFF and Review of BAM** – Cambridge West Partnership Consultants
   - Mr. Walters went over the College Level data projections using 2018/19 Certified P3 FTES, Headcount, and Outcome Data including new 3-year credit average & 3.26% COLA (19/20).
   - Total SCFF of 2018/19 of $174 million projection will put us as hold harmless district.
   - 2020/21 Projections; if total FTES stays the same, we still lose traditional FTES credit.
   - Formula shows we will end up $4.1 million in the hole if we follow 3-year average FTES.
   - Mr. Hardash commented that this model creates more dependency on FTES instead of moving away from it. There are so many unknowns in the budget formula. This poses challenges when modeling 3 years to 5 years budget simulations. Mr. Hardash expressed his displeasure towards the Chancellor's Office officers' bias outlook and lack of knowledge in instituting formula and how district funding works.

7. **Standing Report from District Council**

   Mr. Shahbazian stated there was no update from District Council.

8. **Informational Handouts**
   - District-wide expenditure report link: https://intranet.rsccd.edu
   - Vacant Funded Position List as of August 14, 2019
   - Measure "Q" Project Cost Summary July 31, 2019
   - Monthly Cash Flow Summary as of July 31, 2019
   - SAC Planning and Budget Committee Agendas and Minutes
   - SCC Budget Committee Agendas and Minutes

9. **Approval of FRC Minutes** – July 3, 2019

   Mr. Hardash called for a motion to approve the Fiscal Resources Committee Minutes of the July 3, 2019 meeting. A motion to approve the minutes was made by Ms. Satele, seconded by Mr. Hoffman, and approved unanimously.

10. **Other**

    No other items were discussed

    Next FRC Committee Meeting: Executive Conference Room #114, 1:30 – 3:00 pm Wednesday, September 18, 2019

    The meeting was adjourned at 3:05 p.m.