

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

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Budget Allocation and Planning Review Committee

District Office – Executive Conference Room #114

1:30 – 3:00

Meeting Minutes for January 14, 2009

Members Present: Morrie Barembaum, John Didion, Paul Foster, Raul Gonzalez del Rio, Ray Hicks, Noemi Kanouse, Steve Kawa, Sylvia LeTourneau, Nga Pham, Marti Reiter, Ed Ripley, Juan Vazquez

Members Absent: Esmeralda Abejar, Norman Fujimoto, John Hernandez, Erlinda Martinez, Jeff McMillan, and Jared Kubica-Miller.

Guests Present: Gina Huegli and Jose Vargas.

Mr. Hardash called the meeting to order at 1:35 p.m.

2008-09 and 2009-10 Budget Update

Mr. Hardash reviewed the following information from LAO:

In a typical year, after the Legislature and the Governor agree to a balanced annual budget, the state must borrow from available special funds balances and municipal bond investors to “smooth out” cash flow deficits, particularly during the early months of the fiscal year. In 2008–09, weakening revenues and limited access to the credit markets have reduced the state’s resources to address monthly cash flow deficits. As a result, the state’s “cash cushion”—its available liquidity to allow the General Fund to make all budgeted payments on time—is unacceptably low.

When the Governor called a fiscal emergency special session of the Legislature in January 2008, he noted the state’s deteriorating cash situation and proposed to shift \$4.7 billion of payments (to schools, social services programs, local governments, Medi-Cal providers, and others) from July and August of 2008 to later months of 2008–09. The goal of this package was to bolster the state’s cash flows prior to issuance of RANs during the fall of 2008. The Legislature adopted the proposal in February 2008 with some modifications, including making the payment deferrals effective for 2008–09 only (rather than ongoing as originally proposed). As the Legislature considered the 2008–09 budget during the spring after the special session, the administration submitted proposals to delay an additional \$3.6 billion of payments to later in the fiscal year. The intent of these proposals was to reduce the size of the state’s RAN borrowing. The Legislature also passed these measures with some modifications as part of the 2008–09 budget plan. The adopted plan included a \$3 billion shift in school funding from January through March to April through June. These changes were approved on a one-time basis for 2008–09. As with previous deferrals, local cost still will be incurred by districts in the current fiscal year. Additional, smaller changes in payment schedules affecting the University of California and other entities were approved on a permanent basis.

Mr. Hardash reviewed the memorandum from Chriss Street, Treasurer-Tax Collector – Orange County which states:

“Do to the unprecedented events in the financial markets; we have decided to reduce our interest rate forecast for the 2008-09 year. Although we continue to expect the Extended Fund to maintain a stable rate of return; short term rates have declined precipitously and are approaching zero. Therefore, we are forecasting a 2.0% rate of return for the whole of 2008-09. In the event new information becomes available, I will pass it along for your consideration.”

Mr. Hardash informed the committee that the Board of Trustees approved at it’s January 12, 2009 Board meeting the PMIB Suspension of Interim Loans for State-funded General Obligation and Lease Revenue Bond Projects. The SCC Science Center is a partially state funded project. The current approved state funded portion of the Science Center construction project is approximately \$12 million which includes change orders. The state has so far reimbursed the district only \$4 million for this project. It was recommended that the Board of Trustees approve the continuation of construction of the Santiago Canyon College Science Center using Measure E funds until the PMIB once again funds the project with the understanding that RSCCD takes the risk that there is no guarantee if and when the state funds will be made available in the future.

Mr. Hardash reviewed the 2008-09 Budget Update presented to the Board of Trustees on January 12, 2009.

1. Governor called for a Special Session II of newly constituted Legislature on December 2, 2008
 - o Special Session II ends on January 16
 - o Most likely call for Special Session III
2. On December 31, 2008 Governor’s Staff present the Governor’s Proposed Budget
 - o Although details not released until January 9, 2009
 - o Well ahead of the January 10, 2009 deadline
3. State Budget shortfall is now \$41.6 billion for the period of 2008-09 and 2009-10.
4. The apportionment deferral and lowering of required reserves will cause severe cash flow shortages for districts.
5. Will force RSCCD to borrow from internal funds and OC Treasury
6. Additional loss of hundreds of thousands of dollars of interest earning on cash reserves (additional local cuts)

What are we doing:

1. Making more expenditure cuts - \$12 million - \$14 million will not be easy to cut without affecting employees
2. Sizable 2008-09 mid-year cuts are becoming less of an option at this point.
3. Evaluating all personnel costs – all hourly accounts; classified hourly; classified hourly on-going (19 hour per week); adjunct faculty costs; faculty release time costs; management costs and non-instructional assignments.
4. Evaluating all consultant agreements
5. Evaluating all independent contractor agreements
6. Evaluating all memberships
7. Evaluating all leases/site costs
8. Evaluating all categorical programs
9. Evaluating all grant funded programs

10. Evaluating all remaining travel and conference accounts
11. Evaluating all supply and equipment accounts
12. Evaluating all programs and services staffing levels
13. Evaluating Full-Time Faculty Obligation (FON) state mandate
14. Eliminating district's current business related cell phone reimbursement program.

2008-09 State Budget Updates

The following CCLC Updates were distributed as information:

- CCLC Update #24 – December 1, 2008
- CCLC Update #25 – December 31, 2008
- CCLC Update #1 – January 5, 2009

FTES Update as of October 9, 2008

Other

Mr. Hardash distributed and reviewed the FTES Target Comparison with Actual dated January 6, 2009 – these are the numbers that were submitted as P-1.

Approval of the September 24, 2008; October 22, 2008 and November 19, 2008 Minutes

Mr. Hardash called for a motion to approve the minutes of the September 24, 2008, October 22, 2008 and November 19, 2008 BAPR Committee meetings. Mr. Barembaum moved and Mr. Didion seconded the motion to approve the minutes as presented. The motion carried unanimously.

Mr. Hardash adjourned the meeting at 1:55 p.m.

Next BAPR meeting:

- February 18, 2009