RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

website: Fiscal Resources Committee

Agenda for February 19, 2020

1:30 p.m. - 3:00 p.m.

Executive Conference Room #114

1. Welcome

2. State/District Budget Update – Hardash
   - SSC- Additional 2020–21 State Budget Details
   - SSC- Themes for the 2020-21 Governor's Budget
   - SSC- The Financial Impact of Step and Column Advancement
   - SSC- 2020-21 State Budget Trailer Bill-California Community Colleges System Support Program
   - SSC- What Do I Need to Know About Cost-of-Living Adjustment Salary Formulas?

3. 2020/21 RSCCD Tentative Budget Assumptions - **Action**

4. Review Planning Design Manual (request from District Council)

5. College Projected 2019-20 Year-end Balances – Satele and Hoffman

6. Continued Discussion of SCFF and Review of BAM - Cambridge West Partnership Consultants
   - Section 4 – "Revenue Modifications" – **Action**
   - Section 5 – "Other Modifications" – Discussion

7. Standing Report from District Council - Shahbazian

8. Informational Handouts
   - District-wide expenditure report link: https://intranet.rsccd.edu
   - Vacant Funded Position List as of February 11, 2020
   - Measure "Q" Project Cost Summary as of January 31, 2020
   - Monthly Cash Flow Summary as of January 31, 2020
   - SAC Planning and Budget Committee Agendas and Minutes
   - SCC Budget Committee Agendas and Minutes

9. Approval of FRC Minutes – January 22, 2020

10. Other

Next FRC Committee Meeting: (Executive Conference Room #114 1:30 pm – 3:00 pm)

March 18, 2020

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.

VOLUME 40 NO. 4

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: FEBRUARY 21, 2020

Additional 2020–21 State Budget Details

BY MICHELLE MCKAY UNDERWOOD

 posted February 7, 2020

Senate Bill (SB) 808 (Mitchell, D-Los Angeles) is likely to be this year's primary 2020–21 State Budget bill. Clocking in at more than 700 pages, SB 808 contains nearly all the appropriations needed to send money to the various departments and agencies in California, including the community colleges. When fewer details are needed to implement a program, language is included in the main budget bill itself— which is where we find several of the new proposals from Governor Gavin Newsom's 2020–21 State Budget proposal.

Governor Newsom proposes to provide $100,000 to each community college with a physical campus presence in order to establish or support on-campus food pantries or regular food distributions. A college receiving these funds may partner with a local food bank or food pantry to meet the requirement if the food distributions will occur on campus.

Governor Newsom also proposes a pilot fellowship program over a three-year period to improve faculty diversity in the community colleges. The Administration's intent is for the pilot program to support 30-40 faculty fellows over a three-year period with this $15 million, one-time appropriation. The funds could be used to support a portion of the fellows' salary, faculty mentorship, or professional support and development activities.

Finally, $20 million is proposed to expand work-based learning models and programs at community colleges, with the goal of ensuring that students complete programs with applied work experience. These funds would be available through a competitive grant process and should be aligned with the Guided Pathways framework.

Next Steps

The next step in the State Budget process is for the legislative budget subcommittees to begin their hearings of the various proposals. The Senate will hear the California Community Colleges' proposals on April 23, 2020, and the Assembly hearing will be on May 5, 2020.

VOLUME 40 NO. 2

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: JANUARY 24, 2020

Themes for the 2020–21 Governor's Budget

BY SSC TEAM

posted January 21, 2020

With 2019 in the rearview mirror, the start to the new decade holds hope for continuing the prosperity of the recent past as evidenced by Governor Gavin Newsom's proposed 2020 State Budget, which totals over $222 billion. Many of us were eager to see if he would keep the promises and commitments he made on the campaign trail leading to the State Capitol and his long-held values of investing in social and economic programs to build a "California for All."

What we witnessed was a leader who proved unafraid to tackle difficult issues that come with governing a state as big and diverse as ours. In his inaugural year as governor, he took on climate change, ensured immediate response and relief to areas impacted by unprecedented disasters, defended residents against the complacency of the state's largest energy provider, and demonstrated an eager willingness to help California's most vulnerable residents by initiating efforts to address homelessness, housing affordability, and persistent poverty. Of course, the successes of Governor Newsom's first year in office were aided by the strong fiscal foundation left behind by his predecessor.

In many ways, he appears to want to sustain the prudence of the Brown era. We saw this in his first budget and we are once again seeing it in his proposed 2020 budget as he takes the more conservative approach of investing in one-time initiatives that, while often bold, do not overcommit the state to obligations that may be unsustainable in a slowing or contracting economy. Moreover, his choices signal a thoughtful deliberation of what he believes to be high-leverage short-term investments that will yield benefits well into the future. This laudable approach is not only sensible, but indeed it is one that we at School Services of California often advise the local educational agency leaders who seek our counsel to take.

Last year, Governor Newsom stirred excitement in the education community, which had been prophesying the effects of mounting cost pressures on its ability to continue the promise of the K-12 Local Control Funding Formula and the Student Centered Funding Formula (SCFF), when he proposed to help reduce employer pension liability. He acknowledged and understood the need to find innovative ways of addressing California's teacher crisis, particularly in higher need communities. And finally, he demonstrated a keen awareness of the urgency to address the needs of our most vulnerable students—those who confront barriers to learning through environments ill-equipped to accommodate them, or by the toxic exposure to persistent poverty, or by the lack of access to critical early learning opportunities. These were things the education community eagerly embraced from a governor who showed he was listening.

In some important ways, Governor Newsom is holding firm to his espoused values of taking on the inequalities that pervade the world's "capital of innovation" and its fifth largest economy by proposing investments aimed at eradicating systemic barriers that millions of families and students face when pursuing prosperous futures. His commitment to improving opportunities for all stitches his 2020 education budget together. He proposes greater transparency around the resources that improve educational equity; he infuses over $1 billion across a number of programs that combined are designed to tackle the system's historical and stubborn achievement gap; and he remains committed to the principles that ushered in K-12 and community college finance models that spur local innovations tailored to the needs of students in order to support success.

While we embrace Governor Newsom's commitment to prudence and a more just educational system, we must acknowledge that his 2020 budget—though rife with bold initiatives—is bound to create challenges for us as we grapple with increased demands for resources. Beyond the cost-of-living-adjustment to the SCFF and a promising start to conversations on how we resource and serve students with particular needs, the budget provides little discretion to continue and expand local innovations. And while we appreciate the intention behind the one-time investments Governor Newsom proposes this year, the resources they encumber divert our ability to strengthen and improve core support services and instructional programs that serve *all* students and that improve the teaching and learning environment *across* California's broad and diverse education system. Augmenting a core system that is vulnerable to fiscal shocks with one-time, targeted investments—however just and bold—causes us pause.

As we prepare to confront tomorrow's challenges—some that we know and others that we have not yet imagined—it is perhaps more important than ever to ensure that local educational leaders are equipped with the resources and tools they need not only to maintain the commitments they made to their students, their families, and their communities, but to build a strong foundation for a prosperous future for all.

VOLUME 40 NO. 3

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: FEBRUARY 7, 2020

The Financial Impact of Step and Column Advancement

BY ROBERT MCENTIRE, EDD

BY JOHN GRAY

 posted February 3, 2020

As revenue increases from the state are slowing down, and many community college districts are preparing for collective bargaining and refining their budgets, the financial impact of step and column advancement on the budget is something that needs to be carefully calculated. We receive many questions about how to accurately calculate the cost; when doing so, it is important to keep the number of full-time equivalent (FTE) faculty members constant from year to year for purposes of the calculation. An increase or decrease in FTE is a separate decision and calculation from the cost of step and column increases.

What follows is a step-by-step calculation that districts can follow for determining the cost:

Step One

Take all of the faculty members who were in your district two years in a row and compare the change in their salaries, but don't include a pay raise if you gave one. We like to use, for example, May of one academic year and October of the next academic year as the comparison months. Add up all of the individual increases to get the total increase for the district. This is what we call the "gross" step and column advancement cost. The next few steps will make deductions from the "gross" step and column cost to arrive at the "net" cost.

Step Two

List the people who were on the May list, but not the October list. These people have left the district for any reason. Add up their salaries and count the number of people as of May.

Step Three

List the people who were on the October list, but not the May list. These are the replacements for those that left after May. Add up their salaries and count the number of people.

Step Four

If the number of FTE replacements is the same as the FTE lost, simply subtract the replacement salaries in Step Three from the generally higher salaries of the people in Step Two. The result is the replacement savings.

If the number of replacement FTE is not equal to the losses in FTE, the calculation becomes a bit more tricky. We need to isolate step and column costs from other changes in salary cost generated by having a different number of total FTEs in each year. Therefore, for the purpose of this calculation, we need to make the FTE equivalent. For example, if you lost 20 faculty members and gained 22, you need to count only 20 replacements, not 22, against step and column savings. So in this example, divide the salaries calculated in Step Two by 20 to get the average. Divide the salaries calculated in Step Three by 22 to get that average. Subtract the two averages and multiply the result by 20 to get the replacement savings. We would count the two additional positions as growth and not as a component of step and column movement costs.

Step Five

Finally, subtract the amount you calculated in Step Four from the amount calculated in Step One and you have the "net" cost of step and column advancement for your district.

Conclusion

There could be years in which the cost of step and column movement is zero or even negative, but that rarely happens. If you offered an early retirement incentive plan, the cost of the plan would reduce the savings computed in Step Four.

Districts that calculate the net cost of step and column movement for the year in the fall know exactly who left, who stayed, who moved on the schedule, and who replaced those who departed. They can calculate precisely how much of the total salary schedule movement was due to step and column movement increases, as opposed to pay raises or changes in the number of faculty members employed. Looking back can help you to look forward. We encourage you to start building a database of past step and column costs to help build credibility in future negotiations and budget revisions.

VOLUME 40 NO. 3
COMMUNITY COLLEGE UPDATE
PUBLICATION DATE: FEBRUARY 7, 2020

2020–21 State Budget Trailer Bill—California Community Colleges System Support Program

BY MICHELLE MCKAY UNDERWOOD

 posted February 6, 2020

On January 10, 2020, Governor Gavin Newsom proposed a streamlining of support and technical assistance for California Community Colleges. To better coordinate the delivery of systemwide technical assistance and initiatives, the 2020–21 State Budget proposes consolidating the technical assistance set-asides for several categorical programs and several systemwide initiatives into a streamlined system of support.

Programs including Extended Opportunity Programs and Services, Student Equity and Achievement, and other categoricals have set aside funding for the Chancellor's Office ranging from 1% to 5% of the funds appropriated. Trailer bill language proposes to repeal those set aside provisions and instead create a new California Community Colleges System Support Program (Program), which would have an appropriation of $125 million. Funds appropriated for this Program will be allocated by the Board of Governors to one or more community college districts for systemwide support activities such as:

- Program and administrative costs to support the development, implementation, and evaluation of certain categorical programs
- Program and administrative costs relating to improving the fiscal health and stability of districts
- Media campaigns, including administrative costs, for the California Community Colleges regarding affordability, transfer to four-year universities, and outreach to non-English-speaking households
- Support for activities that promote, or respond to concerns relating to, institutional effectiveness and improvement
- Technology services
- Program and administrative costs to increase the number of courses available through the use of technology
- Expenditures for transfer education and articulation projects and common course numbering projects

The Board of Governors would be responsible for adopting procedures for this program's implementation and approving a budget for the Program no later than September 30. The funds would be available for encumbrance or expenditure for three fiscal years.

VOLUME 40 NO. 4

COMMUNITY COLLEGE UPDATE

PUBLICATION DATE: FEBRUARY 21, 2020

Ask SSC . . . What Do I Need to Know About Cost-of-Living Adjustment Salary Formulas?

BY JOHN GRAY

posted February 12, 2020

Q. What do I need to know about cost-of-living adjustment (COLA) salary formulas? We are declining in enrollment—about a 4% loss this year. I know that under the Governor's Budget proposal for 2020–21, the estimated COLA is 2.29%. Some of our employee groups are asking us why we can't give our employees a 2.29% salary increase, if there's 2.29% new money.

A. The answer is that most, if not all, of the new money may already be committed. Consider the following examples:

- If a district is deficit spending in the current year, it needs to bring expenditures in line with revenues next year, or it will be deficit spending yet again. Either some of the new money will be needed to stop the deficit spending, or the district will need to make cuts.
- If the cost of step and column increases exceeds the savings from retirements/attrition, then that is a built-in cost increase.
- The increased pension rates will consume part of the new money.
- If there are increased costs for health and welfare benefits, or if energy costs skyrocket, those cost increases also have to come out of the new money.
- Since your district has declining enrollment, the costs per student are typically growing rapidly. You are likely not hiring many new faculty, and may even be laying off the least senior faculty. Certain overhead costs are fixed, such as the need for one president at each campus, one chancellor, one chief business official, etc., and so the cost per student rises rapidly when enrollment declines.

All in all, a percentage formula could work if you had what economists would call a "steady state system." That is, when prior-year revenues balance expenditures, the savings from retirements balance step and column costs, all cost areas are growing at about the same rate as the COLA (at least on the average), and there is no declining enrollment, etc. But if any one factor is not in balance, then a salary formula could require program and/or personnel cuts to meet the costs of implementation.

We recommend that districts negotiate based on available dollars and not percentages. Computing the number of new dollars available, and then subtracting the dollars that are already committed will provide you the number of new dollars that are available for new expenditure.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
DRAFT 2020/21 Tentative Budget Assumptions
February 10, 2020

I. State Revenue

A. Budgeting will begin using the new Student Centered Funding Formula (SCFF) at the hold harmless provision for the 2017/18 Total Computational Revenue plus 2018/19 & 2019/20 & 2020/21 cost of living adjustments (COLA).

B. FTES Workload Measure Assumptions:

Year		Base	Actual	Funded		Actual Growth
2014/15		28,688.93	28,908.08	28,908.08		0.76%
2015/16		28,908.08	28,901.64	28,901.64		-0.02%
2016/17		28,901.64	27,517.31	28,901.64	a	-4.79%
2017/18		28,901.64	29,378.53	29,375.93	b	1.65%
2018/19	P3	29,375.93	25,925.52	28,068.86	c	-11.75%
2019/20	P1	28,068.86	28,198.47	Unknown		0.46%

a - based on submitted P3, District went into Stabilization in FY 2016/17
b - based on submitted P3, the district shifted 1,392.91 FTES from summer 2018
c - To maintain the 2015/16 funding level and produce growth FTES in 2017/18, the district borrowed from summer 2018 which reduced FTES in 2018/19.

The state budget proposes .50% systemwide growth funding, 2.29% COLA, and no base allocation increase.
The effects of the SCFF on our budget is not fully known at this time. The components will now remain at 70/20/10 split with COLA added each year. Any changes to our funding related to the new formula will be incorporated when known.

Projected COLA of 2.29%	$4,003,793
Projected Growth/Access	$0
Projected Base Allocation Increase	$0
Apportionment Base Incr (Decr) for 2020/21	**$4,003,793**
2020/21 Potential Growth at 0.5%	28,209

C. Education Protection Account (EPA) funding estimated at $26,437,430 based on 2019/20 @ Advance. These are not additional funds. The EPA is only a portion of general purpose funds that offsets what would otherwise be state aid in the apportionments We intend to charge a portion of faculty salaries to this funding source in compliance with EPA requirements.

D. Unrestricted lottery is projected at $153 per FTES ($4,414,163). Restricted lottery at $54 per FTES ($1,557,940). (2019/20 @ P1 of resident & nonresident factored FTES, 28,850.74 x $153 = $4,414,163 unrestricted lottery; 28,850.74 x $54 = $1,557,940.) Increase of about 9%.

E. Estimated reimbursement for part-time faculty compensation is estimated at $575,927 (2019/20 @ Advance). Slight decrease.

F. Categorical programs will continue to be budgeted separately; self-supporting, matching revenues and expenditures. COLA is being proposed on certain categorical programs. Without COLA, other categorical reductions would be required to remain in balance if settlements were reached with bargaining groups. The colleges will need to budget for any program match requirements using unrestricted funds.

G. College Promise Grants (BOG fee waivers 2% administration) funding estimated at 2019/20 @ Advance of $278,496. Slight decrease.

H. Mandates Block Grant estimated at a total budget of $869,923 ($30.85 x 28,198.47). Slight increase. No additional one-time allocation proposed.

II. Other Revenue

I. Non-Resident Tuition budgeted at $3,400,000. (SAC $2,400,000, SCC $1,000,000) - Unchanged.

J. Interest earnings estimated at $1,400,000. Unchanged.

K. Other miscellaneous income (includes fines, fees, rents, etc.) is estimated at approximately $407,680. Unchanged.

L. Apprenticeship revenue estimated at $3,159,472. Unchanged.

M Scheduled Maintenance/Instructional Equipment allocation. $7.6 million in state budget. Our allocation is estimated $190,000.

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
UNRESTRICTED GENERAL FUND
DRAFT 2020/21 Tentative Budget Assumptions
February 10, 2020

III. Appropriations and Expenditures

A. As the District's budget model is a revenue allocation model, revenues flow through the model to the colleges as earned. The colleges have the responsibility, within their earned revenue, to budget for ALL necessary expenditures including but not limited to all full time and part time employees, utilities, instructional services agreements, multi-year maintenance and other contracts, supplies, equipment and other operating costs.

B. The state is providing a Cost of Living Allowance (COLA) of 2.29%. Any collectively bargained increased costs will be added to the budget. The estimated cost of a 1% salary increase is $1.80 million for all funds. The estimated cost of a 1% salary increase is $1.43 million for the unrestricted general fund.

C. Step and column movement is budgeted at an additional cost of approximately $1.69 million including benefits for FD 11 & 13 (FARSCCD approximate cost $546,816 CSEA approximate cost $641,986, Management/Other approximate cost $497,529) For all funds, it is estimated to = $2.42 million (FARSCCD = $642,315, CSEA = $1,007,254, Management/Others = $766,088) In addition, the colleges would need to budget for step/column increases for P/T faculty.

D. Health and Welfare benefit premium cost increase as of 1/1/2021 is estimated at 3.5% for an additional cost of approximately $646,936 for active employees and an additional cost of $279,138 for retirees, for a combined increase of $926,074 for unrestricted general fund. The additional cost increase for all funds is estimated to = $976,180

State Unemployment Insurance local experience charges are estimated at $250,000 (2019/20 budgeted amount). Unchanged.
CalSTRS employer contribution rate will increase in 2020/21 from 17.10% to 18.40% for an increase of $1,253,020.
(Note: The cost of each 1% increase in the STRS rate is approximately $740,000.)
CalPERS employer contribution rate will increase in 2020/21 from 19.721% to 22.80% for an increase of $1,125,548.
(Note: The cost of each 1% increase in the PERS rate is approximately $390,000.)

E. The full-time faculty obligation (FON) for Fall 2020 hast not been calculated at this time. The District will recruit to replace 13 faculty vacancies. SAC is recruiting for 6 positions. SCC is recruiting for 7 positions. The current cost for a new position is budgeted at Class VI, Step 12 at approximately $154,847. Penalties for not meeting the obligation amount to approximately $77,063 per FTE not filled.

F. The current rate per Lecture Hour Equivalent (LHE) effective 7/1/20 for hourly faculty is $1,455. Increase of $56 per LHE.

G. Retiree Health Benefit Fund (OPEB/GASB 75 Obligation) - The calculated Actuarially Determined Contribution (ADC) as of July 1, 2020 is estimated to be $10,224,861. The District will therefore decrease the employer payroll contribution rate of 2.75% to 1.10% of total salaries. This reduction provides a savings of $1,899,032 to the unrestricted general fund and $2,483,330 for all funds.

H. Capital Outlay Fund - The District will continue to budget $1.5 million for capital outlay needs.

I. Utilities cost increases of 2.5%, estimated at $100,000.

J. Information Technology licensing contract escalation cost of 7%, estimated at $125,000.

K. Property and Liability Insurance transfer estimated at $1,970,000. Unchanged.

L. Other additional DS/Institutional Cost expenses:

Data Integrity Specialist	$ 200,000
Contracts Specialist	$ 200,000
Ellucian increased contract cost	$ 400,000

M. Child Development Fund - The District will continue to budget $250,000 as an interfund transfer from the unrestricted general fund as a contingency plan. ($140,000 each year was transferred since 2014/15 and expected again in 2020/21)

N. Estimated annual cost of Santiago Canyon College ADA Settlement expenses of $2 million from available funds.

O. Round One budget reductions totalling $3 million are being made for this tentative budget due to State Budget uncertainty.

Rancho Santiago Community College District
Unrestricted General Fund Summary
DRAFT 2020/21 Tentative Budget Assumptions
February 10, 2020

*	New Revenues	Ongoing Only	One-Time
A	Student Centered Funding Formula (see note below)		
B	COLA 2.29%	$4,003,793	
B	Growth	$0	
B	State Augmentation	$0	
D	Unrestricted Lottery	$352,286	
H	Mandates Block Grant	$77,096	
I	Non-Resident Tuition	$0	
J	Interest Earnings	$0	
L	Apprenticeship - SCC	$0	
EGHK	Misc Income	($53,641)	
	Total	$4,379,534	$0
	New Expenditures		
B	Salary Schedule Increases/Collective Bargaining 4.00%	$5,710,477	
C	Step/Column	$1,686,330	
D	Health and Welfare/Benefits Increase (3.5%)	$926,074	
D	CalSTRS Increase	$1,253,020	
D	CalPERS Increase	$1,125,548	
E	Full Time Faculty Obligation Hires	$0	
E/F	Hourly Faculty Budgets (Match Budget to Actual Expense)	$0	
G	Decreased Cost of Retiree Health Benefit ADC	($1,899,032)	
H	Capital Outlay/Scheduled Maintenance Contribution	$0	
I	Utilities Increase	$100,000	
J	ITS Licensing/Contract Escalation Cost	$125,000	
K	Property, Liability and All Risks Insurance	$0	
II.L	Apprenticeship - SCC	$0	
L	Other Additional DS/Institutional Costs	$800,000	$0
N	SCC ADA Settlement Costs	$0	$2,000,000
O	Round One Budget Reductions	($3,000,000)	
	Total	$6,827,417	$2,000,000
	2020/21 Budget Year Unallocated (Deficit)	($2,447,883)	
	2019/20 Structural Unallocated (Deficit)	$1,809,582	
	Savings Faculty replacement budget at VI-12	$590,360	
	Savings 2019/20 all employees - budgeted vs actual		
	Total Net Unallocated (Deficit)	($47,941)	($2,000,000)

In addition, as both college budgets for adjunct faculty have been underbudgeted in total by approximately $6.5 million, the colleges need to appropriately fund adjunct faculty costs tied to the class schedules offered and prior year actual costs when adjusted for new full-time faculty hired.

* *Reference to budget assumption number*

Resource Allocation

Resource allocations align with the RSCCD Mission Statement and link RSCCD Goals and RSCCD Objectives to the resources needed to accomplish these institutional goals. ~~(Standard I.B.3., Standard I.B.4., Standard III.D.3.)~~

Generally speaking, the goals and objectives at both district and college levels reflect the district's commitment to its mission. Therefore, the purpose of resource allocations is to fund the programs and services that both directly and indirectly promote student success.

The budget development process begins with the development of budget assumptions. The budget assumptions are the foundation for the budget development process and guide the allocation of resources. Information from a variety of sources is considered in the development of the budget assumptions, including but not limited to:

- RSCCD Goals and RSCCD Objectives;
- Priorities identified by the district's participatory governance committees that have been vetted and approved by the District Council;
- A review of the effectiveness of the prior year's resource allocations;
- Maintenance of appropriate reserves for contingencies and economic uncertainties;
- Mandates from external agencies; and
- Plans for payment of liabilities and future obligations, such as retiree health benefits, STRS, and PERS.

Budget assumptions are categorized into the following three types: general, revenue, and expenditure. General assumptions describe broad agreements, such as the revenue allocation model and the level of the reserve. Revenue assumptions summarize the current status of anticipated revenue, such as cost-of-living adjustments, growth and state apportionment. Expenditure assumptions provide projected costs of contractual agreements and required budget reductions if any.

RSCCD's ~~three~~ four budget centers are Santa Ana College, Santiago Canyon College, ~~and~~ District Office ~~Services~~, and Districtwide Services. These entities have the autonomy and responsibility to provide appropriate programs and services that support achievement of the RSCCD Goals and RSCCD Objectives as well as their respective institutional goals, objectives, and initiatives.

The RSCCD Revenue Allocation Model is patterned after the community college funding protocols established in the Student Center Funding Formula ~~SB361~~. Revenue is allocated to the colleges based upon these parameters except for an allocation to support centralized services. Any proposed changes to the allocation for District Office and District-wide services is reviewed by the Fiscal Resources Committee and recommended to the District Council and Chancellor.

Beyond the expenditures determined through district-wide collaboration, each budget center develops individual budgets for expenditures from general fund and categorical revenue in the following categories:

- Salaries and benefits as determined by union contracts;
- Supplies and materials;
- Services and other operating expenses, such as travel;
- Capital outlay, such as equipment; and
- Maintenance.

Planning is linked to resource allocations in the following ways:

1. Each budget center (Santa Ana College, Santiago Canyon College, ~~and~~ District Office ~~Services~~, and District-wide Services) has developed unique planning processes. Each set of these processes are designed so that RSCCD Goals are the basis for site planning and that the resulting plans are the basis for resource allocations within that budget center. For example, District Services relies on the RSCCD Goals to justify any requests for funding forwarded through the District Office ~~Services~~ Planning Portfolios.

2. The ~~five~~ four district committees (~~Planning and Organizational Effectiveness Committee,~~ Fiscal Resources Committee, Human Resources Committee, Physical Resources Committee, and Technology Advisory Group) provide specific recommendations for resource allocations. These Budget Modification Recommendations describe initiatives that require additional, decreased, or reallocated funding and are submitted to POE ~~District Council~~ for consideration during development of the tentative budget.

The Budget Modification Recommendation form requires the committee to justify the modification by describing how it will contribute to the achievement of RSCCD Goals and RSCCD Objectives.

3. **Once funding recommendations are received from the four ~~five~~ district committees, POE ~~District Council~~ is responsible for ensuring that resources are allocated to initiatives that contribute to the achievement of RSCCD Goals and RSCCD Objectives. To make this link between planning and resource allocation transparent, ~~District Council~~ POE uses a Budget Modification Rubric to prioritize each Budget Modification Recommendation based on the extent to which it is aligned with current RSCCD Goals and RSCCD Objectives and/or is justified by health or safety concerns. POE ~~District Council~~ then assigns the FRC ~~Chancellor's Cabinet~~ to review and recommend the source and use of funds for the prioritized recommendations, including contributions from the other budget centers and/or the re-allocation of funds. District Council reviews and acts on the proposal.**

4. **To provide the opportunity for Board oversight ~~of the RSCCD Goals,~~ when the tentative and final budgets are presented to the Board each June, the presentation includes a review of the RSCCD Mission Statement, ~~and the~~ RSCCD Goals and RSCCD Objectives as well as the identification of specific budget items that directly relate RSCCD Goals and RSCCD Objectives where appropriate.**

5. **To ensure effective allocation of resources, this process shall be reviewed annually by POE.**

Process for Allocating Resources

October ~~(February)~~

Board of Trustees' annual planning meeting includes a review and discussion of progress toward achieving RSCCD Goals, data on the 12 Measures of Success, and other assessments.

January

Board of Trustees and District Council review the Governor's proposed state budget.

Fiscal Resources Committee draft general and revenue budget assumptions and forward these to the District Council for review and input.

Through the spring, the Fiscal Resources Committee monitors changes in the forecasts for state allocations and revises the general and revenue budget assumptions as warranted. Any changes are submitted to the District Council for review and input.

March – April

Budget Centers receive tentative revenue allocations for the coming fiscal year based on the RSCCD Revenue Allocation Model and develop a tentative budget for that site.

April

The ~~five~~ district committees (~~Planning and Organizational Effectiveness Committee,~~ Fiscal Resources Committee, Human Resources Committee, Physical Resources Committee, and Technology Advisory Group) provide draft expenditure assumptions as well as complete Budget Modification Recommendations for initiatives that require additional resources. The Budget Modification Recommendation form requires the committee to justify the recommendation by describing how the initiative will contribute to the achievement of RSCCD Goals and RSCCD Objectives.

The ~~five~~ four district committees submit the Budget Modification Recommendations to ~~District Council~~ POE.

POE ~~District Council~~ prioritizes the Budget Modification Recommendations using the Budget Modification Rubric.

May

Co-chairs of the Fiscal Resources Committee revise the draft tentative budget and the revenue budget assumptions as needed based on changes to the proposed state budget and submit the revised tentative budget to District Council.

District Council revises the tentative budget as needed following their review of (i) the Governor's changes to the proposed state budget, (ii) revisions to the revenue budget assumptions if any, and (iii) the draft expenditure budget assumptions and (iv) Budget Modification Recommendations. ~~District Council prioritizes the Budget Modification Recommendations using the Budget Modification Rubric.~~ Highest priority is given to Budget Modification Recommendations that are linked to RSCCD Goals and RSCCD Objectives.

June

The tentative budget is presented to the Board of Trustees for approval. The presentation includes a review of the RSCCD Mission Statement and the RSCCD Goals as well as the identification of specific budget items that directly relate RSCCD Goals and RSCCD Objectives where appropriate.

July – August

District Council reviews changes that impact the tentative budget and recommends revisions to the proposed budget as warranted.

September

The Vice Chancellor of Business Operations and Fiscal Services prepares the final budget as determined by District Council and directed by the Chancellor.

The final budget is presented to the Board of Trustees for approval. The presentation includes a review of the RSCCD Mission Statement and the RSCCD Goals as well as identifying specific budget items that directly relate to RSCCD Goals and RSCCD Objectives.

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.

The apportionment includes funded FTES, supplemental and student success allocations.

An example of revenue allocation ~~and FTES change~~adjustment:
$100,000,000 is originally split 70% Santa Ana College ($70,000,000) and 30% Santiago Canyon College ($30,000,000) based on ~~FTES~~ the SCFF split at the time of budget adoption. 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 is determined by the prior year final FTES total.~~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).

The 2019/2020 CCCCO approved growth rate for RSCCD is constrained one half of one percent (.5%). These various scenarios are for illustrative purposes.

	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	

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).

	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	

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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).

	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	

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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).

	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	

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All of these examples exclude the effect of statewide apportionment deficits. In recent years, the CCCCO has utilized different mechanisms to address revenue shortfalls. Whether a deficit factor, restraint, or the CCCO backs into rates depending on available Statewide revenues, the college revenues will be reduced accordingly. In addition, the Chancellor reserves the right to make changes to the base FTES as deemed necessary in the best interest of the district as a whole.

Stability

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This model includes a stability mechanism for noncredit and CDCP FTES only.~~This model should also include a stability mechanism~~. The stability mechanism has been eliminated for credit FTES in the SCFF. In a year of decline in which ~~a~~ both colleges earn~~s~~ less noncredit or CDCP FTES than its base, the base noncredit or CDCP FTES will remain intact following the state method for stabilization. In a year in which only one college earns less noncredit or CDCP 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~~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~~the following year, then the new lower noncredit or CDCP FTES base will be ~~established~~funded. 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 noncredit or CDCP 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 noncredit or CDCP 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.

YEAR 1	Base FTES	% split	Scenario #5	New FTES	% split
Actual Generated:					
SAC	3,540	70.80%	-1.00%	3,504.60	70.18%
SCC	1,460	29.20%	2.00%	1,489.20	29.82%
	5,000		-0.124%	4,993.80	
Calculated for Stability:					
SAC	3,540		-1.00%	3,504.60	
stabilization				50.40	
SAC	3,540	70.80%	0.42%	3,555.00	70.48%
SCC	1,460	29.20%	2.00%	1,489.20	29.52%
	5,000		0.884%	5,044.20	
YEAR 2					
Actual Generated:					
SAC	3,504.60	70.18%	1.44%	3,555.00	70.48%
SCC	1,489.20	29.82%	0.00%	1,489.20	29.52%
	4,993.80		1.009%	5,044.20	

~~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 as deemed necessary in the best interest of the district as a whole.~~

Hold Harmless
This model includes several hold harmless mechanisms in alignment with the SCFF. The chart below describes the various methods the State Chancellor's Office uses to fund districts in the event apportionments are reduced from year to year.

Note – the hold harmless provisions in the SCFF are continually changing and will need to be updated as changes are made.

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In any given year, a district's funding under the new Student Centered Funding Formula (SCFF) would be the highest of the amounts included in the lines below:

Line	Statutory Reference	2018-19	2019-20	2020-21	2021-22
1	Education Code section (ECS) 84750.4(b), 84750.4(c), 84750.4(d), 84750.4(e), and 84750.4(f) [STUDENT-CENTERED FUNDING FORMULA (SCFF)]	SCFF calculation	SCFF calculation	SCFF calculation	SCFF calculation
2	ECS 84750.4(g)(1)	2017-18 TCR /1	2017-18 TCR /1	N/A	N/A
3	ECS 84750.4(g)(2)	N/A	N/A	2017-18 credit, noncredit, and CDCP noncredit rates, multiplied by 2020-21 FTES, with basic allocation. /1	2017-18 credit, noncredit, and CDCP noncredit rates, multiplied by 2021-22 FTES, with basic allocation. /1
4	ECS 84750.4(g)(4)	N/A	Greater of lines 1 or 2 as calculated in **2018-19.**	Greater of lines 1 or 2 as calculated in **2019-20.**	Greater of lines 1 or 3 as calculated in **2020-21**.
5	ECS 84750.4(h)	2017-18 TCR adjusted by 2018-19 COLA	2017-18 TCR adjusted by 2018-19 and 2019-20 COLAs.	2017-18 TCR adjusted by 2018-19, 2019-20, and 2020-21 COLAs.	N/A

/1 Special provisions for San Francisco Community College District and Compton Community College District.

TCR = Total Computational Revenue

	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 [CW1]: This chart will be removed in final version.

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 costs earned by that college and transferred into Fund 13 the following year to be used for one-time expenses. The indirect costs 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 costs 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 to determine if any additional transfers are required. T~~, t~~he college~~s~~ will be charged for the differences.

Other Possible Strategic Modifications
Summer FTES
The 3-year average for credit FTES has severely reduced the effectiveness of the "summer shift," nevertheless, ~~T~~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 the 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 District 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 (SAC) 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 (SCC), 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.

District Services: 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.

Commented [CW1]: Let's discuss during review

Full-Time Faculty Obligation Number (FON)
To ensure that the District complies with the State required full-time Faculty Obligation Number (FON), the District Chancellor~~-~~ will establish a FON for each college. Each college ~~shall be~~is required to fund at least that number of full-time faculty positions. ~~If the~~When a District falls below the FON ~~and is penalized~~a replacement cost penalty is required to be paid to the state.~~,~~ T~~t~~he amount of the ~~penalty~~ replacement cost will be deducted from the revenues of the college(s) ~~causing~~ incurring the penalty. FRC, along with the District Enrollment Management Committee, should regularly review the FON targets and actuals ~~and~~ to 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 District Chancellor.

Commented [CW2]: Does the district enrollment committee still meet?

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.

Vacant Funded Positions as of 02/11/2020 - 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	Dept. submitted BCF#BC00063E reducing salary acct by $38,700	181,585	
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	Dept. submitted BCFs B026318 $18,040 & B026308 $70,000 & $54,000 to 11-0000-671000-52200-5100	53,509	673,704
11	Oropeza, Alfonso	5YAS-UF-DIR2	Director Academic & End User Support Services	Retirement	District	10/23/2019	CL19-1344. Dept submitted BCF#BCC3W1SUG7 $26,000 to 11-0000-678000-54146-5100	130,210	
50%-fd 11 50%-fd 12	Santoyo, Sarah	5RDEV-UF-DIRX	Executive Director Resource Development	Promotion	District	1/28/2019	Dept. submitted BCF#BC000D23 reducing $3,547	93,898	
11	New-Assistant Professor of Physics AC19-0720				SAC		AC19-0720 Professor of Physics was not hired, redirected to Performing Arts BMPR20111 (11-0000-100600-15560-1110)	143,273	
11	Argo, Rosemary A.	1FIRE-FF-IN	Instructor, Fire Technology	Retirement	SAC	12/13/2019		70,628	
11	Brown, Laurence	1CMST-FF-IN	Instructor, Comm Studies	Retirement	SAC	6/7/2019	AC19-0805 Dept. submitted BCF# B026312 Cover Ray Hicks salary	-	
11	Budarz, Timo	1PHYS-FF-IN	Instructor, Physics	Resignation	SAC	10/26/2018	AC19-0802 Alexander Natale#2460293 hired as a temporary long term sub effective 2/3/2020. Per H/R will receive HMO single benefits only	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	AC19-0804	143,273	
11	Fernandez, Joseph E.	1NURS-FF-IN	Nursing Instructor	Resignation	SAC	8/12/2019		149,078	
11	Gallego Jr, Robert	1CNSL-NF-CN1	Counselor	Retirement	SAC	1/31/2020		68,467	
11	Giroux, Regina	1NURS-FF-IN	Instructor, Nursing	Retirement	SAC	12/15/2018	Dept submitted BCF#BC000SNX $17,409 AC19-0801	131,780	
11	Holder, Vera M.	1CMST-FF-IN	Instructor, Communication Studies	Retirement	SAC	6/7/2019		176,700	
11	Jaffray, Shelly C.	1HSS-AF-DN	Dean, Humanities & Social Sciences	Retirement	SAC	6/30/2019	AC20-0807. Interim Assignment Javier Galvan#1027584 8/19/19-6/30/2020	258,749	2,730,051
11	Jenkins, Robert B.	11AEI-FF-IN	Professor/Coordinator ESL	Retirement	SAC	5/22/2020		-	
11	Montes, Agustin	1ECON-FF-IN	Instructor, Economics	Retirement	SAC	6/9/2020		-	
11	Mahany, Donald	1FIAC-AF-DNAC1	Associate Dean, Fire Technology	Retirement	SAC	1/2/2020	AC19-0790	94,534	
11	Miller, Rebecca	1SMHS-AF-DNAC	Associate Dean, Health Science/Nursing	Retirement	SAC	6/30/2020	AC19-0794	-	
50%-fd 11 50%-fd 12	Ortiz, Fernando	1ACA-NF-CORD9	Coordinator, Guided Pathways	Promotion	SAC	4/1/2019	Dept submitted BCF#BC00084L reduced account $6,153	65,483	
11	Parolise, Michelle R.	1OTA-NF-CORD	Coordinator, OTA Program	Retirement	SAC	8/7/2019		149,054	
11	Sadler, Dennis	1CNSL-NF-CN1	Counselor/Instructor	Retirement	SAC	6/30/2019	Dept. submitted BCF#BCOTJSGEYW reducing account by $24,116. AC19-0770	130,925	
11	Psychologist		Psychologist, Health Services		SAC	7/1/2019	NEW AC19-0719 psychologist	155,479	
11	Serrano, Maximiliano H.	1AUTO-FF-IN	Instructor, Automotive Technology	Resignation	SAC	10/5/2018	AC19-0802	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	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	Brooks, Debra A.	2ERTH-FF-IN	Instructor Earth & Space Science	Retirement	SCC	1/3/2020	AC19-0799	84,753	
11	Carrera, Cheryl	2MATH-FF-IN	Instructor, Math	Retirement	SCC	12/15/2019	AC19-0796	90,193	
11	Coto, Jennifer	2CG-NF-CORD	Coordinator, Hispanic Serving Institution	Change of Position	SCC	7/23/2019	AC19-0803	189,816	
11	Geissler, Joseph	2LIB-NF-LIB	Librarian	Deceased	SCC	3/9/2019	AC19-0797	143,273	867,601
11	Lawson, Cassell A.	2CAR-AF-DN	Dean,Business &Career Technical Education	Resignation	SCC	5/27/2019	AC19-0759 Elizabeth Arteaga Interim Assignment 02/27/2020	234,660	
11	Moore, Kathleen V.	2MATH-FF-IN	Instructor, Math	Retirement	SCC	6/6/2020		-	
11	Nguyen, Steven	2CHEM-FF-IN	Chemistry Instructor	Resignation	SCC	8/19/2019	AC19-0795	124,905	
11	Wong, Lana	2LIB-NF-LIB	Librarian	Retirement	SCC	6/5/2020	AC19-0798	-	
								4,271,355	

	Classified		Title	Reasons		Effective Date	Notes	2019-20 Estimated Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Andrade Cortes, Jorge L.	5ACCT-CF-ANYS	Senior Accounting Analyst	Resignation	District	9/27/2019	BCF#BCQDYJFR9P Move $330.00 to 11-0000-672000-54212-4610 $200 & 11-0000-672000-54213-4610 $130.Dept submitted BCF#BCMX75HJ8Y $4113 move to AP#54213 and BCF#BCQ6YBNWCV $830 to 11-0000-675000-54212-5210	85,118	
11	Bennett, Laura D.	5PUR-CF-BUYR2	Buyer	Resignation	District	9/13/2019	Danielle Reynolds WOC 12/21/19-3/31/20 CL19-1373	85,632	
11	Clarke, Roger K.	5SSP-CF-DSO19	District Safety Officer	Retirement	District	3/1/2020		24,805	
11	Knorr, David G.	5YSP-CF-DSO11	District Safety Officer	Resignation	District	9/12/2019	H/R	44,879	
11	Montanez, Jesse	5SSP-CM-DSO5	District Safety Officer	Termination	District	9/24/2019		18,057	554,578
11	Nguyen, James V.	5DMC-CF-CUSR	Senior Custodian/Utility Worker	Probational Dismissal	District	8/6/2019	WOC Vicente Nieto#1988380 Dept. submitted BCF#BC0009Z8 $3,290	56,853	
11	Pita, Lazaro R.	5YSP-CM-DSO5	District Safety Officer	Resignation	District	11/23/2019		13,486	
65.50%-fd 11 34.50%-fd 12	Senior District Safety Officer		Senior District Safety Officer	REORG#1148	District	7/1/2019	CL19-1323/Reorg#1148	96,987	
11	Tran, Melissa P.	5ACCT-CF-ACTS4	Senior Accountant	Lateral Transfer	District	1/6/2020	WOC Kevin Bui#2381824 1/1/20-4/30/20	67,793	
11	Yamoto, Sec. Stephanie	5FACL-CF-SPFP	Facility Planning Specialist	Resignation	District	8/26/2019	CL19-1334 Dept. submitted BCF#BC000ZZV reducing accts by $47,646	60,967	

Vacant Funded Positions as of 02/11/2020 - 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
70%-fd 11 30%-fd 12	Adame, Patricia A.	10AD-CF-SECA2	Administrative Secretary	Retirement	**CEC**	12/30/2019	CL19-1359	37,576	
11	Benavides, Ricardo	1CUST-CF-CUS4	Custodian	Retirement	**SAC**	1/15/2020		39,279	
11	Cordova, Monica M.	1KNIA-CF-TT2	Athletic Trainer/ Therapist	Resignation	**SAC**	1/17/2020		41,264	
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	McAdam, Justin M.	1GRDS-CF-WKR8	Gardener/Utility Worker	Promotion	**SAC**	2/18/2020		28,357	
35%-fd 11 65%-fd 31	Miranda Zamora, Cristina	1AUX-CF-SPAS3	Auxiliary Services Specialist	Promotion	**SAC**	11/19/2019		16,205	**404,725**
40%-fd 11 60%-fd 12	Nguyen, Cang D.	1ASMT-CF-TECH4	Instructional Center Technician	Retirement	**SAC**	12/29/2019		18,377	
11	Nguyen, John T.	1SA-CM-CORD	P/T Student Services Specialist	Promotion	**SAC**	8/12/2019	CL19-1372	24,679	
11	Shirley, Jacqueline K.	1CNSL-CF-CLIN	Intermediate Clerk	Retirement	**SAC**	2/27/2020		55,821	
11	Tuon, Sophanareth	1CUST-CF-CUSR1	Senior Custodian/Utililty Worker	Promotion	**SAC**	11/7/2019	CL19-1365	70,244	
11	Valencia, Jennifer	1ADV-CF-SECA	Administrative Secretary	Promotion	**SAC**	2/2/2020		46,790	
14%-fd 11 86%-fd 12	Berganza, Leyvi C	20SS-CF-SPOR1	High School & Community Outreach Specialist	Promotion	**OEC**	3/19/2017		13,847	**124,687**
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	
								1,083,990	
TOTAL								**5,355,346**	

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

MEASURE Q

Projects Cost Summary

01/31/20 on 02/03/20

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	59,442,126	12,097,425	14,510,992	29,285,188	55,893,606	3,548,520	94%
	Agency Cost		477,737	1,156	5,349	484,243		
	Professional Services		3,710,137	819,906	2,641,530	7,171,574		
	Construction Services		7,909,551	13,689,930	26,606,774	48,206,254		
	Furniture and Equipment		-	-	31,535	31,535		
3049	Science Center & Building J Demolition	70,480,861	38,623,078	12,724,795	7,383,160	58,731,033	11,749,828	83%
	Agency Cost		427,263	-	1,696	428,959		
	Professional Services		7,089,932	730,289	1,640,471	9,460,693		
	Construction Services		31,105,882	11,818,471	5,573,963	48,498,316		
	Furniture and Equipment		-	176,035	167,030	343,064		
	TOTAL ACTIVE PROJECTS	**129,922,987**	**50,720,503**	**27,235,788**	**36,668,348**	**114,624,639**	**15,298,348**	**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	57,266,535	57,266,535	-	-	57,266,535	0	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	**70,085,335**	**70,085,334**	-	-	**70,085,334**	**0**	**100%**
	GRAND TOTAL ALL PROJECTS	**200,008,322**	**120,805,837**	**27,235,788**	**36,668,348**	**184,709,973**	**15,298,349**	**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- January 31, 2020

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	$46,756,827	$39,860,345	$42,646,016	$31,409,069	$32,288,196	$51,281,368	$44,226,868	$44,226,868	$44,226,868	$44,226,868	$44,226,868
Total Revenues	18,530,608	6,957,617	17,893,333	6,103,920	18,289,460	35,095,906	8,486,077	0	0	0	0	0
Total Expenditures	10,532,826	13,854,098	15,107,662	17,340,866	17,410,333	16,102,734	15,540,577	0	0	0	0	0
Change in Fund Balance	7,997,782	(6,896,482)	2,785,670	(11,236,947)	879,127	18,993,172	(7,054,500)	0	0	0	0	0
Ending Fund Balance	46,756,827	39,860,345	42,646,016	31,409,069	32,288,196	51,281,368	44,226,868	44,226,868	44,226,868	44,226,868	44,226,868	44,226,868

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

DRAFT

Fiscal Resources Committee

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

Meeting Minutes for January 22, 2020

FRC Members Present: Peter Hardash, Adam O'Connor, Morrie Barembaum, Noemi Guzman, Bart Hoffman, Thao Nguyen, William Nguyen, Arleen Satele, and Roy Shahbazian

FRC Members Absent: Cristina Morones, Steven Deeley, Michael Taylor, and Vanessa Urbina

Alternates/Guests Present: James Kennedy, Mark Reynoso, Jose Vargas and George Walters (CWP)

1. Welcome: Mr. Hardash called the meeting to order at 1:33 p.m. and noted Chancellor Martinez planned to join the meeting but would be late due to another off-site meeting.

2. State/District Budget Update
   - 2020-21 Proposed State Budget report
   - 2020-21 Governor's Budget for CCC's Joint Memo
     - CCCCO/ACCCA/ACBO/CCLC Memo and PowerPoint
   - LAO 2020-21 Overview of Governor's Budget
   - School Services of California –
     - Ask SSC …What's up with the down COLA?
     - CalPERS Issues Revised Employer Contribution Rate Estimates
     - Legislative Analyst Issues Positive But Cautious Outlook
     - Proposition 98 Reserve Projected to Grow
     - Department of Finance Updates Out Year COLA Estimates
     - Initial Impressions from Governor Newsom's 2020-21 State Budget Proposal
     - Governor's Proposal for the 2020-21 Proposed State Budget
   - Proposed Budget Presentation to Board of Trustees January 13, 2020

   Mr. Hardash provided brief report on Governor's Budget Proposal, noting that Prop 98 is tightening up, reduced COLA is at 2.29%, and referenced various write-ups and agency reviews of the proposed budget for 2020-21. Growth dollars and the need to restore was discussed. Apprenticeship dollars could be earned by SCC only for the expansion of their programs. Various one-time dollar options are being proposed with Governor Newsom focusing on his signature programs for homeless and mental health. Pending trailer bill language for a number of categorical funds is unknown. How such will be administered, earned and the related requirements for both one-time and ongoing funds is not yet known. Once the language is released it will be posted to the Department of Finance (DOF) website. There is some deferred maintenance money, but that is very little for RSCCD. This is only a starting point or the beginning of the conversation for the State's budget. The next step is the May Revise, following multiple hearings, meetings, engaged discussions and also updated income and property tax collections. It is hoped the numbers will be better in May but the economy is slowing and the next recession is projected for one year out. The State budget must be approved by June 15 (or the legislators don't get paid) and submitted to the Governor by July 1.

   Specifically for RSCCD challenges include dramatic increases to PERS and STRS, health benefit increases, step and column increases and 4% salary increases over the next three years. The gap between COLA and 4% will need to be made up. Mr. Hardash referenced the presentation to the Board of Trustees that is posted on the FRC webpage. He also confirmed discussions are occurring within College Cabinet meetings related to budget adjustment plan.

Dr. Hoffman inquired about additional information related to administrative oversight of student equity, foster youth and strong workforce programs collectively. Mr. Hardash explained no additional information is available pending trailer bills. Nothing more than what was shared at the Budget Workshop, of which Dr. Hoffman was in attendance, is available. Mr. Hardash explained there is a perception at the State level that the Workforce Grants are not being spent wisely; an appearance or accusation of wasteful spending. The Chancellor's Office may administer those programs and may include additional programs that are not named at this time.

Roy Shabazian requested information from the SCFF Oversight Committee regarding first generation and hold harmless clauses and recommendations that have been made. Mr. Hardash referenced the Oversight Committee website specifically 2021-22 for the first generation information. He further discussed being an advocate for a forever hold harmless, but there isn't enough money to support that action. Districts similar to RSCCD artificially shifted FTES to receive hold harmless at higher level. The controversy is that if everyone is to be held harmless, there is a need to back out the artificial summer shift that boosted the numbers. That might be the compromise. A lengthy discussion ensued. Another controversial element is Cost of Living (not to be confused with Cost of Living Allowance-COLA). It is specific to high cost areas for students to attend college. RSCCD is a wash with SAC and SCC being a low-cost and high cost of living areas respectively.

Mr. Hardash explained that funding for 2018-19, 2019-20 and 2020-21 are all unknown. Though promises were made to provide districts with information in January, such has not occurred. P1 won't be available until March and it is likely to be wrong. The formula is still being gerrymandered; it is a zero sum game. With the higher data counts, funding is being lowered.

Mr. Hardash distributed and reviewed RSCCD's P1 320 submittal (two different versions with and without borrowing) explained the decline in enrollment and WSCH (weekly student contact hours) referred to as the "bread and butter". Spring numbers are estimates. The Chancellor wanted to discuss enrollment management, spring and summer projections, positive attendance and other factors at today's meeting. It was noted that while there is a downturn in WSCH, there is an increase in distance education. The problem is money is getting tighter and 70% of the formula is FTES. These numbers (which are a data dump) are supplied by the campuses and it is the campuses' responsibility to validate the numbers. Mr. Hardash also noted the FTES split which is generally 70/30 but as of 2019-20 estimates it is 69.72% for SAC and 30.28% for SCC.

Mr. Hardash referred to the budget presentation to the Board, whereby one slide was specific to new revenues and new expenditures. Based on information as of this moment (today), he distributed and reviewed the Unrestricted General Fund Summary DRAFT 2020-21 Tentative Budget Assumptions (dated January 22, 2020). All costs are included in a simple spreadsheet format; it's not scientific, but a crude calculation of new unrestricted dollars in Governor's budget proposal and new RSCCD costs. No new unrestricted money is expected beyond the 2.29% ($4 million) in COLA. RSCCD costs for collective bargaining is $5.7 million in salary increases for the budget year. That's only general fund unrestricted costs. This assumes all categorical and standalone programs will pick up increased costs for raises and associated costs for STRS/PERS. If these programs can't absorb the increased costs, there will be a further encroachment on general funds which could mean $5.7 million cost may increase. There is no new unrestricted revenue added to the new SCFF. No growth, no State augmentation, no lottery increase, no increase to block grants, etc. STRS/PERS needs more relief or financial assistance from the State. Adjunct faculty budgets, which are employee contractual obligations, are under budgeted by $6.5 million in the current fiscal year. The campuses need to responsibly fund these accounts. The Chancellor wanted to discuss these matters with FRC upon his attendance of this meeting. The good news – the unfunded health benefit of $40 million that was moved to irrevocable trust earned interest. The unfunded liability has been reduced. The Nyhart report will be posted on the FRC webpage for your review and is well written.

Mr. Hardash distributed and discussed 2020-21 budget assumptions and additional district operations costs requiring $1.13 million. Specifically the addition of a Data Integrity Specialist, Safety costs due to decreased revenue, Ellucian increased contract costs, operational costs of DMC, and additional travel for Trustees and Chancellor. Roy Shabazian verified the colleges are being asked to cut costs as a result of reduced FTES, but the District is requesting an increase to the budget. With the estimated deficit fluctuating between $8-$12 million, the Chancellor asked for a budget adjustment plan which was discussed in Chancellor's Cabinet two weeks ago. Discussion ensued with Mr. Hardash providing an explanation for the increase costs to safety when the revenue is reduced. The costs shift to general fund if the revenue doesn't cover the costs for safety personnel.

The Retiree Health Benefits Actuarial Valuation Comparison was distributed and reviewed by Adam O'Connor. The new report and new actuaries, offers good news of accrued OPEB Liability at $149 million and net unfunded OPEB liability at $109 million and savings of $2,473,545. This is the result of the irrevocable trust that was created last year. That should continue to trend down the liability as the $40 million continues to gain interest over the years and assures retirees that benefits will be paid.

Mr. Hardash distributed the Budget Adjustment Plan approved by the Chancellor's Cabinet for the 2020-21 tentative budget explaining that it is a measured approach. This is a three-phase adjustment plan to address a targeted $8 million issue. Phase 1 due by February 28 includes $3 million reduction to include verbal updates on progress and detailed spreadsheets with account numbers and amounts to adjust. Phase 2 is due March 2 with another $3 million reduction if needed based on P1 calculations. RSCCD should be a winner district for 2018-19 recalculation of $3-4 million in one-time funds. The formula for 2019-20 is different calculation. By Phase 2 there should be more information available about final adjustments. These numbers are going to change, but not to the $8-9 million better. Targeted adjustments are due April 24. Phase 3 will be different because of May revise. It is hoped the COLA and numbers will be better. More unrestricted dollars are needed to support costs. Phase 3 is packaging one-time dollars and if Phase 1 and Phase 2 have been accomplished, then Phase 3 can be implemented or may not be necessary. However, if the can is kicked down the road, RSCCD will have a $20 million problem within a year's time. A general discussion followed about the necessity for the campuses to have 1% reserves, adjustment of adjunct faculty accounts, and shares of reductions. The District is also making cuts as part of the $3 million, the District share of unrestricted funds is 18.42% $552,600. It was agreed that what remains is split 70/30 (or as determined between College Presidents) between the campuses but within the current budget model. The colleges still need to have a balanced budget. This needs to be accomplished or the Board will enact it themselves. It is the responsibility of the administration to handle this problem. There are no bailouts. Board Members have said that others will collapse before Rancho, so they are not worried, but the District needs to ensure that payroll is met. A lot of districts and K-12 in Orange County are struggling with these same issues. Mr. Hardash restated that Phase 2 will depend on recalc adjustments in February. It is unknown at this time. It is important that a measured approach is initiated. Actual accounts need to be identified to reduce even in Phase 1.

The Chancellor is going to inform the Board fiscal audit committee in the adjustment plan. So that the Board is aware that a measured plan is implemented.

3. Continued Discussion of SCFF and Review of BAM – Cambridge West Partnership Consultants
   - Section 1 – Introduction
   - Section 6 – Definition of Terms.
   - Section 3 – College and District Responsibilities
     A motion was made by Jose Vargas, seconded by Arlene Satele to approve sections 1, 6 and 3 as presented. The motion passed unanimously.

   - Section 4 – Revenue Modifications
     Section 4 draft was presented for initial review and all comments, suggestions, or edits are to be submitted to Adam O'Connor so that such can be presented at the February 19 FRC Meeting.

4. Mid-Year Updates
   - Unrestricted General Fund Expenditure Update
   - FTES Update as of January 15, 2020 at (P1)

5. RSCCD 2018-19 Audit Reports link: https://rsccd.edu/Departments/Fiscal-Services

6. Standing Report from District Council - Shahbazian
   No report.

7. Informational Handouts
   - Districtwide expenditures report link: https://intranet.rsccd.edu
   - Vacant Funded Position List as of December 31, 2019
   - Measure "Q" Project Cost Summary as of December 31, 2019
   - Monthly Cash Flow Summary as of December 31, 2019
   - SAC Planning and Budget Committee Agendas and Minutes
   - SCC Budget Committee Agendas and Minutes

8. Additional Handouts
   - Unrestricted General Fund Summary – Draft 2020-21 Tentative Budget Assumptions
   - 2020-21 Budget Assumptions Other Additional DS/Institutional Costs
   - Retiree Health Benefits Actuarial Valuation Comparison
   - Budget Adjustment Plan 2020-21 Tentative Budget

9. Approval of FRC Minutes – November 20, 2019
   A motion was made by Arleen Satele, seconded by Jose Vargas to approve the minutes of November 20, 2019 as presented. With no questions, comments or corrections the motion passed unanimously.

10. Other
    Next meeting reminder: Wednesday, February 19, 2020, 1:30 – 3:00 in the Executive Conference Room #114, District Office

    This meeting adjourned at 2:57 p.m.