

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

Meeting Minutes for February 22, 2017

FRC Members Present: Michael Collins, Arleen Satele, Steven Deeley, Mary Mettler, Peter Hardash, Adam O'Connor, Maria Gil and Morrie Barembaum

Alternates/Guests Present: Esmeralda Abejar, Jose Vargas, Marilyn Flores and Richard Kudlik

1. Welcome: Mr. Hardash called the meeting at 1:33 p.m.
2. State/District Budget Update – Hardash
 - Governor's Proposed budget was released on January 10th and an update was provided to the Board of Trustees at their February meeting. The following were noted:
 - Governor advises to prepare for the next economic downturn as it is way past due
 - Prop 98 minimum funding guarantee for K-14 in 2017-18 is estimated to increase by \$2.1 billion. Community College funding shortfall of \$45 million is approximately a \$1.1 million loss for RSCCD
 - COLA estimated at 1.48%
 - 1.34% in growth/access which is an opportunity to earn \$1.5 million for RSCCD, however, we are in stabilization, no growth opportunity until we restore.
 - There are one time funds for the Pathways program, scheduled maintenance and instructional equipment and Prop 39 Energy Efficiency program, not to be confused with the Prop 39 related to bond for construction.
 - Election cost came in under the budgeted amount, each year the District budgets \$250,000. Per the BAM, the unspent funds will go back to the campuses on the 70/30 split as one-time funds, the bills came in at just over \$100,000.
 - 2015/16 Apportionment Recalculation – Until the end of February we won't know what the District's final funded FTES will be. Mr. Hardash reviewed the 2016/17 FTES Target Comparison to P-1 Actual. We are down 2.74% for half a year, and a total of 4-5% for the year. The College Presidents stated that their half year projections were very optimistic. At the next meeting stabilization, restoration, decline and borrowing will be placed on the Chancellor's Cabinet agenda for discussion and will appear on the FRC agendas for discussion so that everyone understands these processes.
3. 2017/18 RSCCD Tentative Budget Assumptions – Mr. Hardash reviewed the Assumptions Analysis – Version II:
New Revenues:
 - COLA – 1.48% - \$2.3 million
 - Growth - 0
 - Base Allocation - \$590,000
 - Lottery - \$126,529
 - Non-resident tuition - \$325,000
 - Interest earnings – approximately \$100,000
 - Total: \$3,441,529

New Expenditures:

COLA - \$2.3 million

Step/Column movement - \$1.2 million

Health/Welfare/Benefits increase - \$671,000

PERS increase - \$607,948

STRS increase - \$1,196,296

Retiree Health Benefit ARC - \$2,576,106

Utilities increase - \$200,000

ITS licensing increases \$125,000

Additional DS/Institutional Costs - \$234,000 (Legal expenses of \$150,000 ongoing; 50% cost of new Sergeant position \$70,000 ongoing (\$70,000 for this position is in the existing salary budget for District Safety) and an increase to the fingerprinting cost budget for HR - \$14,000 ongoing due to an increase in part-time faculty. Whether the \$14,000 is an ongoing cost is still to be determined. Discussion ensued on each item.

Total \$9,110,350. 2017-18 budget year deficit: (\$5,668,821)

The Tentative Budget is a placeholder budget that must be in place prior to July 1st in order to pay salaries and pay our bills. Mr. Hardash called for a motion to recommend the proposed Tentative Budget Assumptions to District Council. It was suggested that borrowing from summer be included. A motion was made by Mary Mettler, seconded by Maria Gil to approve the 2017-18 Tentative Budget Assumptions as presented with the understanding that more detail would be provided to this committee on the three additional items on item (L) Additional DS/Institutional Costs: legal expenses ongoing - \$150,000; 50% cost of a new Sergeant position, ongoing - \$70,000 and increase in fingerprinting costs, ongoing - \$14,000. The motion was approved unanimously.

4. 2017/18 Budget Calendars – O'Connor

Mr. O'Connor reviewed the proposed 2017/18 Tentative Budget and Adopted Budget Calendars. Mr. Hardash called for a motion to approve the calendars, it was moved by Mike Collins, seconded by Arleen Satele and approved unanimously.

5. College Expected Year-End Balances – Hardash

Mr. Hardash stated that he has requested the projected ending balances from each of the colleges for review. Once received, this information will be shared with this committee, the information will provide a better understanding of where the 2016/17 fiscal year will end.

6. Report out from the February 7, 2017 Governance Summit - Mettler

Mary Mettler shared the information requested at the Summit for the Fiscal Resources Committee to address:

- Evaluate the BAM yearly and report back the results
- How do representatives from FRC report back to the colleges
- Assessing portfolios, are they being funded at the appropriate levels
- Evaluate enrollment management and FTES funding
- "Closing the Loop" – evaluation results, financial aspects of the strategic plan
- Line items for technology replacements

Discussion ensued on the reporting structure, is the next level District Council? Which items are ongoing discussions of this committee? It was suggested that the committee address one item at a time beginning with the inventory of technology and the replacement plan. Mike Collins added that this discussion should be addressed at the campus budget committees as well.

7. Informational Handouts - Hardash

- District-wide expenditure report link: <https://intranet.rscsd.edu>
- Vacant Funded Position List as of February 7, 2017
- Measure “E” Project Cost Summary as of January 31, 2017
 - The Board of Trustees will be appointing new members to both the Measure E and Measure Q committees due to quorum issues. Measure E will be spent down and the committee dissolved within the next year.
- Measure “Q” Project Cost Summary as of January 31, 2017
- Monthly Cash Flow Summary as of January 31, 2017

8. Approval of the FRC Minutes – November 16, 2016 – Hardash

Mr. Hardash called for a motion to approve the Fiscal Resources Committee Minutes of the November 16, 2016 meeting. A motion was made by Arleen Satele, seconded by Adam O’Connor and approved unanimously.

9. Meeting Date Change: The next FRC meeting, scheduled for May 24th will be cancelled and an email update and approval of the Tentative Budget will be done by email as there are several calendar conflicts.

Next meeting: Wednesday, March 22, 2017, 1:30 – 3:00 in the Executive Conference Room, District Office.

The meeting was adjourned at 2:59 p.m.