

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

Meeting Minutes for March 22, 2017

FRC Members Present: Michael Collins, Arleen Satele, Steven Deeley, Mary Mettler, Pilar Gutierrez-Lucero, Peter Hardash, Adam O'Connor and Maria Gil

Alternates/Guests Present: Jim Kennedy, Jose Vargas, Richard Kudlik, Linda Rose and Marilyn Flores

1. Welcome: Mr. Hardash called the meeting at 1:36 p.m.
2. State/District Budget Update – Hardash: P-1 was certified at the end of February, finalizing the prior year, originally Exhibit C, now referred to as Exhibit E. Some errors have been identified and shared with the Chancellor's Office for revisions. RSCCD's final deficit to apportionment is now zeroed out. At P-1 RSCCD FTES reported 2.17% down, -626.65 FTES which puts RSCCD into stabilization, a loss of \$3,466,230 in funding.

Chancellor's Cabinet/Joint Cabinet will be discussing borrowing from summer to keep the district flat in 2017/18, however, the district will be in stabilization next year. An update will be provided at the next FRC meeting.

3. Follow up on Tentative Budget Assumptions – Hardash: In response to the request made by FRC at the previous meeting, a summary of "other additional District Services/Institutional cost expense" was distributed and reviewed by Mr. Hardash.
 - Legal expenses increase of \$150,000 on-going cost: The RSCCD Board of Trustees hired Mr. Ruben Smith, of AlvaradoSmith, as the Board's General Counsel effective May 31, 2016. This estimated additional on-going cost is required to fund these services for the Board of Trustees. In 2016-2017 there was a one-time allocation of \$250,000 for legal services costs. This will expire for the 2017-2018 fiscal year and thereafter barring any one-time issues that may occur.
 - 50% cost of the new Sergeant position - \$70,000 on-going cost: The RSCCD Public Safety Task Force made several recommendations for staffing to support implementation of the identified needs and the transition to a hybrid-armed department. A new Sergeant position will incorporate the on-going emergency preparedness plans and drills throughout the District. These responsibilities were performed when the department had a full-time Environmental Safety and Emergency Services position. The department has identified approximately \$70,000 from their existing budgets to fund this position. The budget request is for the remaining \$70,000 to fully fund this position.
 - Increased Fingerprinting costs - \$14,000 on-going cost: The Human Resources department has reviewed their budget and withdrawn the request. The proposed Budget Assumptions will reflect the change.
4. College Expected Year-end Balances – Collins/Satele:
 - Dr. Collins reported the following: At the end of January, the college reviewed their budgets and projects the following. Approximately 6.5% of total campus expenditures as the ending balance = \$5.5 million which includes \$1.6 million in employee benefits savings. Revenue from international students has increased.

Mr. O'Connor stated that the cost of benefits had been over-budgeted due to the choice of plan and cost of plan selected by new employees and were current employees. The average cost, after extensive analysis is less than what the BAM states to be budgeted for positions. However, there will be employees hired that will utilize the maximum amount budgeted. This item will be discussed for potential future adjustments next time the BAM is reviewed.

Dr. Collins continued stating that there are savings in vacant classified employee budgets including benefits. Savings in the instructional services agreements. Some savings is also noted in utilities, the Prop 39 efficiency work done on campus has contributed to the savings. There is also savings in fund 13, one-time funds, of \$2.7 million. These projections are half-year projections. The college is being mindful of any settlements with bargaining units and increases in college costs such as Chavez building repairs/rehab and the Health Sciences building which is a 50% state funded building, SAC would need to come up with half, \$21 million.

- Ms. Satele reported the following: The college reviewed their budgets and projects the following. Savings in the 1000 budgets due to vacancies as well as the classified vacancies, however, the adjunct faculty (1300) is deficient by \$1,119,482. Building repairs are estimated to be deficient by \$143,715. The total fund 11 ending balance is estimated to be (\$560,256.14)

In Fund 13 \$73,505 and \$77,157 there are one-time funds from apprenticeship contracts and Capital Outlay Books & Equipment. Bottom line at this time is a savings of \$90,406 not including any major changes that may occur in this fiscal year.

Mr. Hardash stated that these estimates will be used to build the Tentative Budgets.

5. Multi-Year Projections – Hardash: Based on the discussion on the Budget Assumptions, the Tentative Budget will show deficit spending of \$6 million. There is continued concern on new costs and less revenue due to declining enrollments which continue to tighten up revenue.

Mr. O'Connor reviewed four versions of multi-year projections:

- Base version – negative growth -2.17% & 3.5% health and welfare. Permanent loss in 2020/21.
- Version 2 – negative growth -3.90% and 3.5% health and welfare. A loss of 3.9% decline and into stabilization in 2018/19, permanent loss in 2019/20.
- Version 3 – negative growth -3.9% for fiscal year 16/17, 1% growth and 3.5% health and welfare 2017-2022. This version is same as version 2, however, it presumes we grow 1% each out year, buying one year. Into stabilization 2016/17, borrow next year, 2017/18 and back into stabilization in 2019/20.
- Version 4 – negative growth – 6% for fiscal year 16/17, 1% growth and 3.5% health and welfare 2017-2022, permanent reduction of \$4.5 million in 2019/20.

2018/19 is the cliff, the District will not be able to develop a balanced Tentative or Adopted Budget. Strategies will be discussed at the joint Cabinet meeting to determine what the necessary cuts will be and what amount of borrowing is necessary at this time. Discussion ensued.

6. Standing Report from District Council – Mettler: The Tentative Budget Assumptions were presented to District Council for approval and recommendation to the Board of Trustees. The Chancellor reminded the committee that there is a Board Policy that states that when

hosting events off campus, they should be scheduled within the district. Finally there are immigration resource fairs being held at the colleges.

7. 2017/18 Proposed Meeting Schedule – Hardash/O’Connor: The draft proposed meeting schedule was reviewed, at this time there are no foreseeable conflicts. Meetings will be held in the Executive Conference Room from 1:30 – 3:00.
8. Informational Handouts - Hardash
 - District-wide expenditure report link: <https://intranet.rscgd.edu>
 - Vacant Funded Position List as of March 13, 2017
 - This list will be helpful in identifying savings, keeping in mind that some of these positions may have been backfilled and are not the full savings.
 - Measure “E” Project Cost Summary as of February 28, 2017
 - A CBOC meeting will be held tomorrow evening, it is expected that by next fall Measure E will be closed out and the committee will disband.
 - Measure “Q” Project Cost Summary as of February 28, 2017
 - Monthly Cash Flow Summary as of February 28, 2017
 - SAC Planning and Budget Committee Agendas and Minutes link
 - SCC Budget Committee Agendas and Minutes link
9. Approval of the FRC Minutes – February 22, 2017 – Hardash
Mr. Hardash called for a motion to approve the Fiscal Resources Committee Minutes of the February 22, 2017 meeting. A motion was made by Dr. Collins, seconded by Mr. Deeley and approved unanimously.
10. Lee Krichmar, Assistant Vice Chancellor of ITS will provide this committee an update on the desk-top and laptop replacement plan at the April 19, 2017 meeting.

Next meeting: Wednesday, April 19, 2017, 1:30 – 3:00 in the Executive Conference Room, District Office.

The meeting was adjourned at 2:40 p.m.