

**RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT**

website: [Fiscal Resources Committee](#)

**Agenda for THURSDAY September 20, 2018**

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

Executive Conference Room #114

1. Welcome
2. State/District Budget Update – Hardash
  - [2018-19 Adopted Budget](#)
  - [9/10/2018 Board PowerPoint presentation on the 2018-19 Adopted Budget](#)
  - SSC August 24, 2018- 30 Years of Proposition 98: Hopes and Expectations
  - SSC September 7, 2018- 30 Years of Proposition 98: The Minimum Guarantee
  - SSC September 21, 2018- 30 Years of Proposition 98: The Future
3. Committee Faculty Co-Chair Appointment - **ACTION**
4. 2019-20 Draft Budget Calendar
5. Status update regarding the IEPI consultant and timeline to begin review of BAM for changes relative to the new state funding model
6. Standing Report from District Council – Mettler
7. Informational Handouts
  - District-wide expenditure report link: <https://intranet.rscsd.edu>
  - Vacant Funded Position List as of September 13, 2018
  - Measure “Q” Project Cost Summary as of August 31, 2018
  - Monthly Cash Flow Summary as of August 31, 2018
  - [SAC Planning and Budget Committee Agendas and Minutes](#)
  - [SCC Budget Committee Agendas and Minutes](#)
8. Approval of FRC Minutes – August 15, 2018
9. Other

**Next FRC Committee Meeting:** October 17, 2018

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

# **THE COMMUNITY COLLEGE UPDATE**

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Volume 38

For Publication Date: August 24, 2018

No. 17

## **30 Years of Proposition 98: Hopes and Expectations**

Proposition 98, the state’s constitutional minimum funding guarantee for K-12 education and the community colleges, was enacted by voters in November 1988. At this juncture, we at School Services of California, Inc., believe that it is important to review this landmark constitutional provision and assess its performance in providing state support for our public education system.

In this first part of a three-part series, we’ll examine the conditions that led to the enactment of Proposition 98 and the expectations that were set. In future articles, we’ll review the funding levels that have been provided to K-14 education and what can be expected in the coming decades.

### **Historical Context**

The impetus for Proposition 98 actually goes back to 1978—the year of the taxpayer revolt and voter approval of Proposition 13, the measure that drastically cut property tax payments. The campaign for Proposition 13 was led by two retirees, Howard Jarvis and Paul Gann, who argued that ever-escalating property taxes were pricing them out of their own homes. Despite the voices of most state leaders calling for a “no” vote on the measure, voters overwhelmingly passed Proposition 13, which cut the property tax rate to 1% and limited the rate of increase in assessed valuations to 2% annually.

In 1979, following the success of Proposition 13, Paul Gann sponsored another measure to control the growth of government. Sometimes referred to as the Son of Proposition 13 or the Spirit of 13, Gann’s Proposition 4 limited the growth in government spending, both state and local, to no more than the prior year’s spending level, adjusted for changes in population and inflation, regardless of the amount of tax revenues collected.

While Proposition 13 had an immediate effect—lowering property tax payments by billions of dollars—the impact of Proposition 4 came 8 years after its enactment. In 1987, the State Budget bumped up against the State Appropriations Limit, requiring a return of “excess revenues” to state taxpayers. Thus, the State Controller sent taxpayers rebate checks—enough for the average taxpayer to go out to dinner—totaling \$1.1 billion due to the constraints on state spending called for by Proposition 4.

### **Proposition 98**

While taxpayers no doubt enjoyed receiving an unexpected check from the state, at the same time, California’s support for its K-14 public education system continued to slip. State support for K-12 schools, as measured by per-pupil funding, fell over the course of the 1970s and 1980s from among the top funded in the nation to below the national average. To supporters of public schools, in light of this increasing funding gap, the loss of \$1.1 billion in already-collected state taxes was at odds with the long-term goals of the state.

Led by the California Teachers Association (CTA), a coalition of education interest groups placed Proposition 98 on the November 1988 general election ballot. The measure established a minimum funding guarantee for K-12 education and the community colleges, based on changes in workload, as measured by average daily attendance (ADA), and inflation, as measured by the change in per-capita personal income or per-capita General Fund revenues. In addition, depending upon the application of the relevant “test,” funding could be determined by a fixed share of General Fund revenues.

Proponents of the measure argued that these formulas would take politics out of the annual budget process for schools since the minimum funding level would not be debatable but rather required as a matter of law. As a result of this minimum requirement, the expectation was that the Legislature would engage in policy discussions about the true needs of public education and fund initiatives that went beyond baseline adjustments related to changes in workload and inflation.

Over the long term, the hope and expectation was that with Proposition 98 in place, California would return to the glory days when its public education system was the envy of the nation. As we will see in future articles, that is not how it has worked out.

*—Robert Miyashiro*

posted 08/20/2018

# **THE COMMUNITY COLLEGE UPDATE**

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For Publication Date: September 07, 2018

No. 18

## **30 Years of Proposition 98: The Minimum Guarantee**

### *(Part 2 of 3)*

Over the course of the three decades since the enactment of Proposition 98, funding for the state's public school system has seen its ups and downs. The usual focus, however, has been on two years of funding—the current year and the upcoming year. Budget appropriations are annual events, which take stock of the current-year funding and propose a new funding level for the upcoming year. Seldom is there time to reflect on the long-term consequences of past policy decisions.

In this second of a three-part series, we examine the long-term effects of Proposition 98 on funding for K-14 education. In this respect, we draw on the work of the Legislative Analyst's Office (LAO), which issued a report in January 2017 examining Proposition 98 funding since 1988-89.

### **Measuring California**

To put Proposition 98 funding into a broader context, we examined several broad markers to assess California and its fiscal health. First, in 1988 there were approximately 28.4 million state residents. Today there are about 40 million state residents, a 41% increase, which translates into an average annual growth rate of 1.2%. While the rate of population growth has slowed in recent years, California is by far the largest state in the union and is home to about one in eight Americans.

Second, California's economy has seen significant growth over this period, with total personal income rising from \$555 billion three decades ago to about \$2.4 trillion today. Again, the Golden State far surpasses the other 49 states and, if measured against other national economies, California would rank fifth, ahead of the United Kingdom and behind Germany. The 332% increase in personal income over this period equates to an average annual growth rate of about 5%.

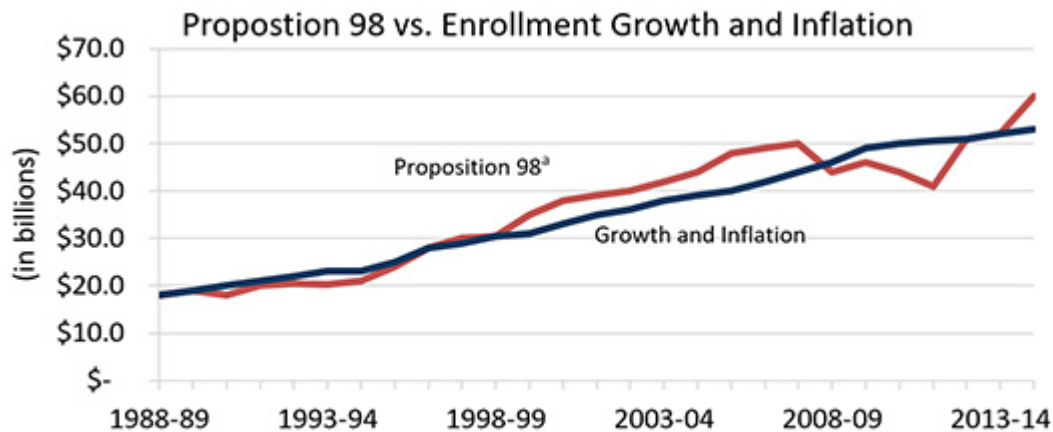
Finally, California's state General Fund budget has also expanded significantly over this period, from \$35.9 billion in 1988 to \$137.6 billion in 2018—an increase of 280%. However, in accordance with the provisions of Proposition 4 discussed in the previous article (see "[30 Years of Proposition 98: Hopes and Expectations](#)" in the August 24, 2018, issue of the *Community College Update*), state spending has not become a larger share of the overall economy. Based on data compiled by the Department of Finance, California's State Budget as measured against the state's economy in the form of personal income, accounted for 6.5% of personal income in 1988, falling to 5.7% in 2018.

### **Three Decades of Proposition 98 Funding**

In this broader context of population, economic, and State Budget growth, how have schools and community colleges fared under Proposition 98? For this analysis we draw from the Legislature's own nonpartisan budget advisor, the LAO.

In a report titled *[A Historical Review of Proposition 98](#)*, the LAO concludes that “there is no evidence that funding is higher as a result of Proposition 98.” The LAO acknowledges that, while there is no way to know how much would have been provided to K-12 education and the community colleges in the absence of Proposition 98, there are several ways to compare the funding provided to other benchmark indicators. For its analysis, the LAO selected three indicators: (1) K-12 student population and inflation, (2) Proposition 98 funding vs. non-Proposition 98 funding (i.e., the other programs supported by the state General Fund), and (3) California’s school spending per student vs. the rest of the nation.

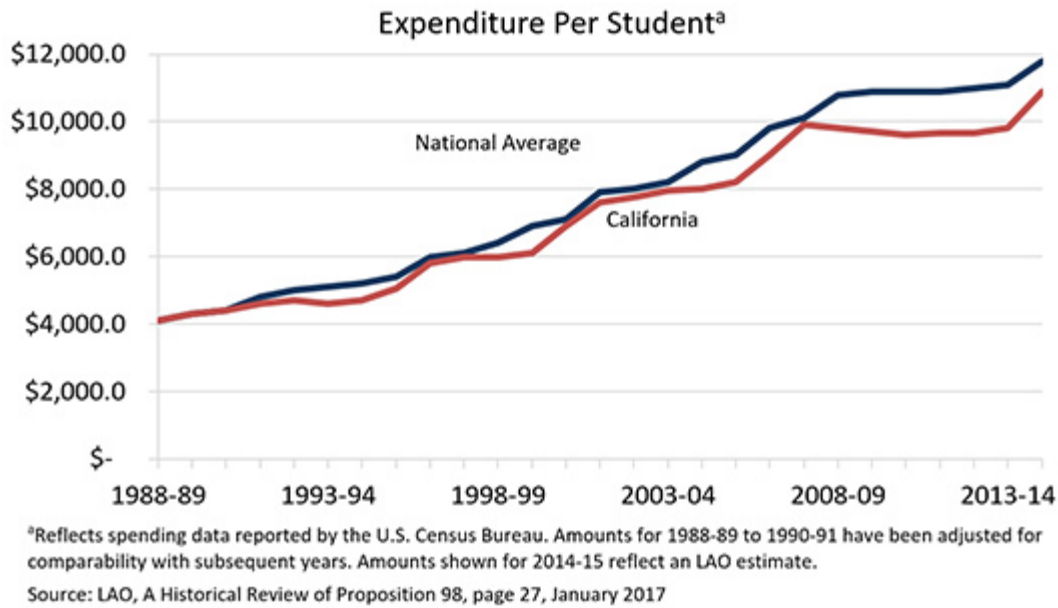
*K-12 Student Population and Inflation.* At the time the LAO conducted its analysis, 26 years of data were available, which showed that there were 13 years in which funding exceeded enrollment growth and inflation, and 13 years in which funding fell short. Over the long term, the LAO concluded that “schools have not received notably more or less than they would have received under this traditional budgeting approach.”



<sup>a</sup>Includes all Proposition 98 funding except the amount going to the California Community Colleges  
Source: LAO, *A Historical Review of Proposition 98*, page 25, January 2017

*Proposition 98 vs. Non-Proposition 98 Funding.* In reviewing this measure, the LAO found that from 1988-89 through 2014-15 Proposition 98 funding generally tracked with the rest of the State General Fund Budget, with funding growing more quickly half of the time and less quickly half of the time. The LAO observed that funding under Proposition 98 tended to outpace the rest of the Budget when economic times were good and lag the rest of the Budget during economic downturns.

*California vs. the Nation.* The LAO developed a measure that captured California’s operating expenditures per pupil (including salaries, supplies, and other operating expenses, but excluding capital outlay) compared to the operating expenditures for the nation as a whole. The LAO found that in 1988 California school spending was near the national average. Over most of the period since then, state spending grew at about the same pace as the rest of the country but fell short during the Great Recession. By 2014-15 state spending per pupil was about 7% below the national average of \$11,300 per pupil. The LAO speculated that significant increases in Proposition 98 funding since 2014-15 would result in state gains against the national average.



In addition to the fiscal analysis of Proposition 98, the LAO identified the numerous instances in which the Legislature’s actions deviated from the requirements of the formulas. The LAO catalogued the more-than-twenty instances in which statutory changes made in conjunction with enactment of the State Budget resulted in a reduction in Proposition 98 funding (e.g., realignment dropped the guarantee by \$2.1 billion, the “triple flip” reduced the guarantee by \$1.7 billion, and the gas tax swap reduced the guarantee by \$609 million).

Ultimately, the LAO found that Proposition 98 has “muddled the budget process” and forced legislators to spend time understanding complex formulas, leaving insufficient time to focus on the education system’s effectiveness and efficiency. They also concluded that budgeting decisions have been no less political during the Proposition 98 era. In their typically understated manner, the LAO concludes that “the state should be extremely cautious about adopting new budget formulas in the future.”

*—Robert Miyashiro*

posted 08/29/2018

# **THE COMMUNITY COLLEGE UPDATE**

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Volume 38

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No. 19

## **30 Years of Proposition 98: The Future**

*(Part 3 of 3)*

Three decades ago, with voter approval of Proposition 98, expectations were high that funding for California's K-14 schools would eventually return to the levels of the top-ranked states in the nation. Unfortunately, 30 years of experience has shown that California has made little, if any, progress toward this goal.

The broad conclusion that can be drawn from the analysis conducted by the Legislative Analyst's Office (LAO) is that funding under Proposition 98 has generally kept pace with workload and inflation. However, moving beyond this steady state condition would require significant and sustained investments in our public schools and community colleges—above and beyond the minimum levels called for by the Proposition 98 formulas.

### **The Annual Budget Process**

How likely is it that future legislatures and governors will provide multi-billion dollar investments in K-14 education which exceed the Proposition 98 minimum guarantee? Highly unlikely. While most politicians declare that education is their number one priority, the annual State Budget (considered the state's single most important policy document), shows that funding for K-14 education simply tracks the minimum funding level required by Proposition 98. In fact, the LAO identified dozens of instances in which statutory changes were enacted to drive down funding levels required by Proposition 98.

This observation is not intended to diminish the needs of the other state programs supported by the state General Fund. Social services, health care, higher education, environmental protection, and public safety are all vital programs supported by the General Fund. While these programs compete for Budget appropriation based on the evolving needs of Californians, funding for K-14 education is walled off from this debate. Instead, governors propose and legislatures pass Budgets that provide only the minimum funding levels required by Proposition 98. There is no discussion about the evolving needs of students.

Make no mistake, there is vigorous debate about the merits of the various education programs funded within the Proposition 98 pie. Should more money be provided through the K-12 Local Control Funding Formula and community college Student Centered Funding Formula, or should major categorical programs receive increases above the cost-of-living adjustment? Do we need new categorical programs to address the teacher shortage, school and college safety, or instructional materials? All of these debates take place within the fiscal boundaries established by Proposition 98. There is never a discussion about whether the Proposition 98 pie itself should be increased.

### **The Voters**

While the State Constitution recognizes public education's preeminent role among all of the responsibilities of the state and Californians consistently rank K-14 education as their number one priority, K-14 education is on Proposition 98 auto pilot in the competition for state funding. Unless there are fundamental changes to Proposition 98, funding over the next 30 years will look much like funding over the past 30 years. It is highly unlikely that the Legislature will "over appropriate" the guarantee.

On the other hand, state voters have gone beyond simply expressing their view that education should be the state's number one priority. Their actions at the ballot box have shown consistent support for the state's public education system.

Back in 1984, voters approved the State Lottery, responding to a campaign which emphasized its benefits to public education. Even today, the California Lottery's website notes its contributions to public education, "The revenue raised from the new lottery was—and still is—intended to benefit public schools, colleges and universities in the Golden State. Tickets went on sale in 1985, and since then the California Lottery has raised more than \$26.6 billion for education."

Proposition 98 itself was enacted by state voters, despite broad opposition from state leaders who argued against ballot box budgeting.

During the Great Recession, voters approved Proposition 30, which temporarily raised the tax rate on high income earners and boosted the sales tax by ¼ cent. Governor Jerry Brown promoted Proposition 30 as a necessary measure to spare education from mid-year budget cuts, notwithstanding the fact that revenues generated by the measure benefited all General Fund programs.

These examples are offered to highlight Californian's ongoing support for its public education system. Given the likely results of Proposition 98 funding over the next 30 years, if this constitutional provision is left unchanged, it is perhaps time to ask state voters to once again weigh in on investing in the state's public education system.

*—Robert Miyashiro*

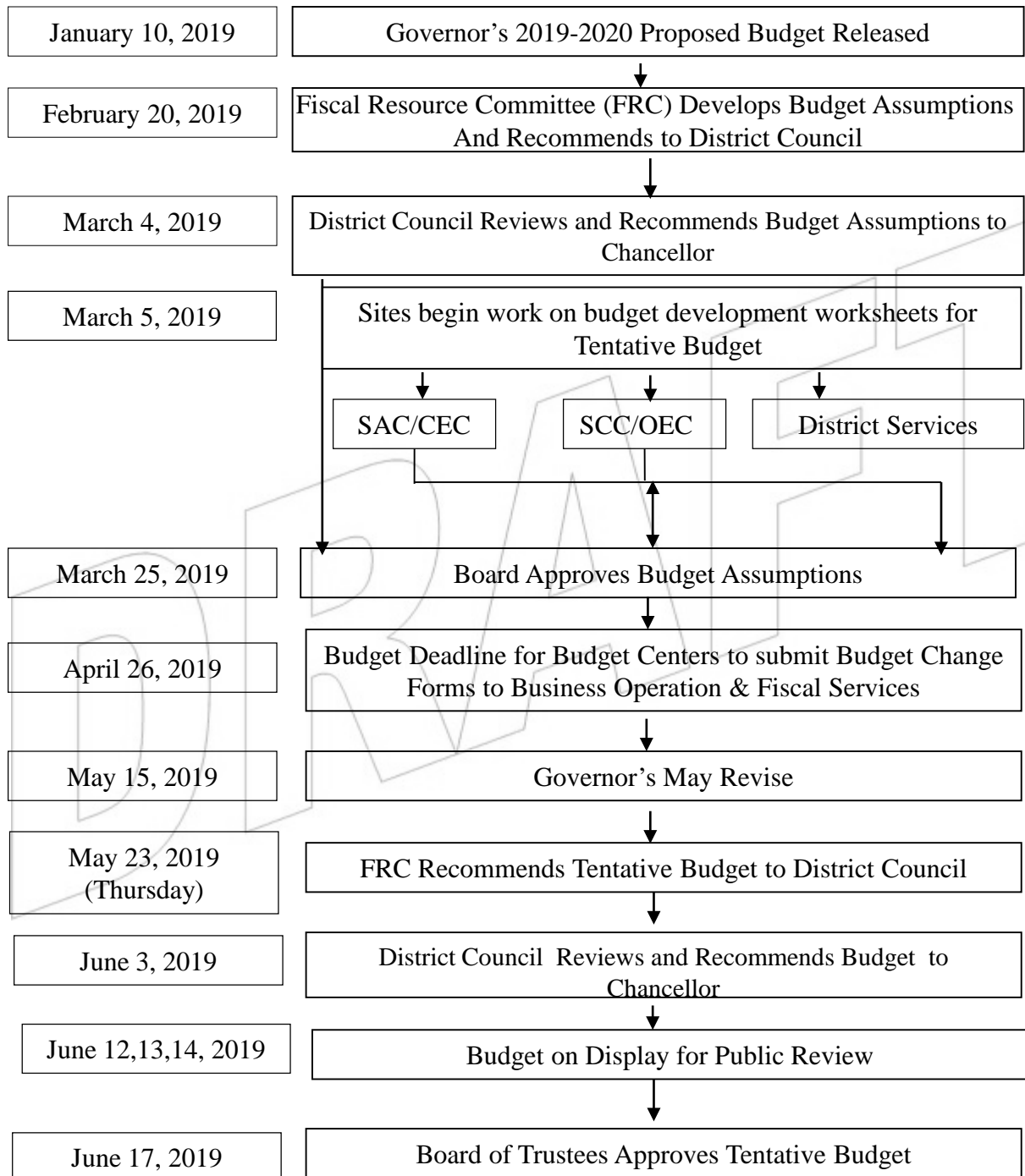
posted 09/07/2018



# RSCCD Tentative Budget Calendar

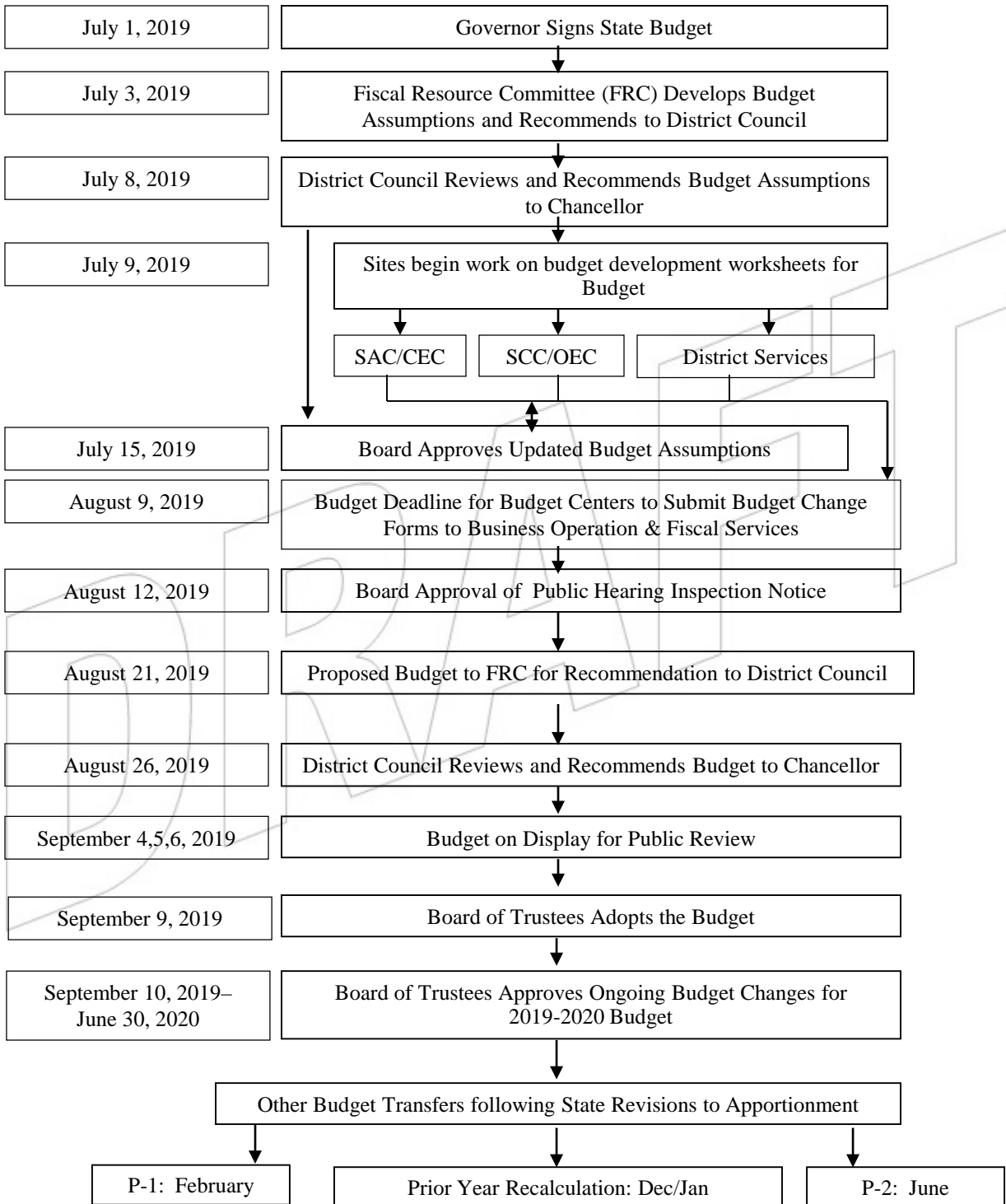
Fiscal Year 2019 – 2020

September 20, 2018



# RSCCD Adopted Budget Calendar

Fiscal Year 2019 – 2020  
September 20, 2018



Vacant Funded Positions as of 9/13/2018 - Projected Annual Salary and Benefits Savings

Fund	Management/ Academic/ Confidential	Title	Reasons	Site	Effective Date	Notes	2018-19 Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Conner-Crabbe, Tracey	Director, Purchasing Services	Retirement	District	8/1/2017	Linda Melendez Interim Assignment 7/01/18-12/14/18	163,443	
12	District Administrator Institutional Equity Compliance & Title IX Reorg#1060	District Administrator Institutional Equity Compliance & Title IX Reorg#1060	Reorg#1060	District	7/1/2018		224,633	
11	Gouldsmith, Kenneth	Sergeant Dist Saf & Security	Change of Position	District	2/26/2018	CL18-1174 Michael Jensen Interim Assignment 7/1/18-6/30/19	128,335	905,096
11	Iannaccone, Judith	Director, Public Affairs & Publications	Retirement	District	8/31/2018		164,050	
11	Krichmar, Lee	Assistant Vice Chancellor, ITS	Resignation	District	6/14/2018	CL18-1161. Jesse Gonnzalez Interim Assignment 6/11/18-12/14/18	224,634	
11	Brown, Lawrence	Instructor, Comm Studies	Retirement	SAC	6/7/2019		-	
11	Bryant, Micki	Dean of Counseling	Retirement	SAC	7/7/2017	Maria Dela Cruz Interim Assignment 7/1/2018. AC18-0690	211,764	
11	Collins, Michael	VP, Administrative Services	Resignation	SAC	4/1/2018	CL18-1109. Bart Hoffman Interim Assignment 7/1/18-6/30/19	224,633	
11	Coopman, Ronald	Associate Dean, CJA	Resignation	SAC	6/14/2018	AC18-0680	175,946	
11	Dean of Academic Affairs	Dean of Academic Affairs	New position	SAC	8/23/2018	BCF#B024177	200,174	2,138,233
11	Giroux, Regina	Nursing Instructor	Retirement	SAC	12/15/2018		103,402	
11	Hammonds, Elvin G.	Automotive Technology	Retirement	SAC	5/31/2018		160,786	
11	Hyman, Deborah	Occup Therapy Asst	Retirement	SAC	6/2/2018	Erika Downs Temporary 1 year Contract	-	
11	Kashi, Majid	Professor, Mathematics	Retirement	SAC	5/31/2018		136,968	
11	Kikawa, Eve S.	Dean, Fine/Performing Art	Retirement	SAC	8/7/2018	Brian Kehlenbach Interim Assignment 7/1/18-6/30/19	195,028	
11	Lewis, Michael L.	Instructor, ESL Writing	Retirement	SAC	6/8/2019		-	
11	Lipiz, Nilo	Dean, Instr & Std Svcs	Retirement	SAC	6/29/2018	Lorena Chavez inerim Assignment 7/20/18/ 12/31/18. AC18-0691	202,156	
11	Nguyen, Michael T.	Computer Info Sy	Retirement	SAC	8/10/2018		131,347	
11	Sadler, Dennis	Counselor/Instructor	Retirement	SAC	6/30/2019		-	
11	Sanchez, Angelo H.	Maintenance Supervisor	Retirement	SAC	5/31/2018	CL18-1162	107,080	
11	Sneddon, Marta	Instructor, CJ/Fire Academy	Retirement	SAC	6/8/2019		-	
11	Thornton, Shantel L.	Psychology Instructor	Termination	SAC	5/31/2018		129,301	
11	Vercelli, Julia	Counselor	Retirement	SAC	6/30/2018		159,646	
11	Rizvi, Syed A.	Dean-Enrollment & Support Services	Promotion	SCC	3/1/2018	Jennifer Coto Interim Assignment 7/1/18- 6/30/19	199,296	414,379
11	Williams, Alison M.	Math Instructor	Resignation	SCC	8/9/2018		131,001	
11	Wright, Kelley Laney	Math Instructor	Resignation	SCC	12/15/2018		84,082	
							<b>3,457,708</b>	
Classified		Title	Reasons		Effective Date	Notes	2018-19 Annual Budgeted Sal/Ben	Total Unr. General Fund by Site
11	Borboa, Kenneth	Technical Specialist I	Promotion	District	9/4/2018	CL18-1191	90,014	
11	Gonzalez, Jaime	P/T District Safety Officer	Resignation	District	8/27/2017		21,984	
11	Martinez, Daniel R	P/T District Safety Officer	Promotion	District	6/16/2018		26,106	
11	Montana, Tracy	Senior Account Clerk	Promotion	District	3/11/2018		83,034	517,151
11	Negron, Victor	Payroll Specialist	Promotion	District	6/27/2018		96,960	
11	Salinas, Jose	Sr Custodian/Util Worker	Resignation	District	6/7/2018		75,566	
11	Small, Eric M.	Applications Specialist III	Resignation	District	4/27/2018	CL18-1142	123,486	
11	Butler, Aaron J.	P/T Gardener Utility Worker	Promotion	SAC	3/26/2018	REORG#1095 changed position from P/T Athletic Field Grounds Worker to Gardener Utility Worker 11 month grade 8	22,837	
11	Chamness, Gregory B.	Skilled Maintenance Worker	Promotion	SAC	2/26/2018	CL18-1165	85,803	
11	Flores, Erika	Counseling Assistant	Resignation	SAC	8/14/2018	CL18-1188	18,627	
50%-fd 11 50%-fd 12	Gutierrez, Katherine	Admission/Records Specialist II	Transfer	SAC	8/20/2018	CL18-1189	35,633	278,695
70%-fd 11 30%-fd 12	Lopez Mercedes, Jose A.	Administrative Secretary	Promotion	CEC	8/20/2017		62,545	
24%-fd 11 76%-fd 12	Pedroza, Guadalupe M	Admissions & Records Specialist II	Retirement	SAC	8/27/2018	BCF#B024161	15,857	
50%-fd 11 50%-fd 12	Penning, Kerry S.	Admission & Records Spec I	Retirement	SAC	6/29/2018	CL18-1158	37,393	
11	Athletic Trainer Reorg#1041	P/T Athletic Trainer Reorg#1041	Reorg#1041	SCC	10/16/2017	CL17-1053/Reorg#1041	35,147	
14%-fd 11 86%-fd 12	Berganza, Levyi C	High School & Community Outreach Specialist	Promotion	OEC	3/19/2017		13,268	
11	Mills, Bryan B	Instructional Center Specialist	Retirement	SCC	6/7/2018		89,352	216,789
11	Myers, Jacqueline F.	Job Placement Coordinator	Retirement	SCC	12/29/2018	CL18-1192	57,375	
11	Rodriguez, Bobby R.	P/T Custodian	Promotion	SCC	7/9/2018	CL18-1177	21,647	
							1,012,635	
<b>TOTAL</b>							<b>4,470,343</b>	

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

MEASURE Q

Projects Cost Summary  
08/31/18 on 09/14/18

Special Project Numbers	Description	Project Allocation	Total PY Expenditures	FY 2018-2019		Cumulative Exp & Enc	Project Balance	% Spent
				Expenditures	Encumbrances			
<b>ACTIVE PROJECTS</b>								
<b>SANTA ANA COLLEGE</b>								
3035/3056	Johnson Student Center	44,265,005	2,894,922	580	2,986,203	5,881,705	38,383,300	13%
	Agency Cost		375,487	-	6,253	381,740		
	Professional Services		2,517,260	580	2,979,950	5,497,790		
	Construction Services		2,175	-	-	2,175		
	Furniture and Equipment		-	-	-	-		
3042	Central Plant Infrastructure	68,170,000	57,052,336	35,448	1,702,332	58,790,116	9,379,884	86%
	Agency Cost		416,740	-	1,658	418,397		
	Professional Services		9,381,093	35,448	1,698,449	11,114,990		
	Construction Services		47,216,357	-	-	47,216,357		
	Furniture and Equipment		38,146	-	2,226	40,371		
3049	Science Center & Building J Demolition	73,380,861	12,903,939	1,380,464	44,224,792	58,509,195	14,871,666	80%
	Agency Cost		423,648	2,846	2,465	428,959		
	Professional Services		4,962,728	18,638	4,034,341	9,015,707		
	Construction Services		7,517,563	1,358,979	40,187,986	49,064,529		
	Furniture and Equipment		-	-	-	-		
<b>TOTAL ACTIVE PROJECTS</b>		<b>185,815,866</b>	<b>72,851,197</b>	<b>1,416,491</b>	<b>48,913,328</b>	<b>123,181,016</b>	<b>62,634,850</b>	<b>66%</b>
<b>CLOSED PROJECTS</b>								
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		-	-	-	-		
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		-	-	-	-		
<b>TOTAL CLOSED PROJECTS</b>		<b>12,818,800</b>	<b>12,818,799</b>	<b>0</b>	<b>0</b>	<b>12,818,799</b>	<b>0</b>	<b>100%</b>
<b>GRAND TOTAL ALL PROJECTS</b>		<b>198,634,666</b>	<b>85,669,997</b>	<b>1,416,491</b>	<b>48,913,328</b>	<b>135,999,815</b>	<b>62,634,850</b>	<b>66%</b>
<b>SOURCE OF FUNDS</b>								
	ORIGINAL Bond Proceeds	198,000,000						
	Interest Earned	634,666						
	<b>Totals</b>	<b>198,634,666</b>						

**Rancho Santiago Community College**  
**FD 11/13 Combined – Unrestricted General Fund Cash Flow Summary**  
**FY 2018-19, 2017-18, 2016-17**  
**YTD Actuals- August 31, 2018**

	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
<b>Beginning Fund Balance</b>	\$37,903,213	\$41,260,946	\$35,726,523	\$35,726,523	\$35,726,523	\$35,726,523	\$35,726,523	\$35,726,523	\$35,726,523	\$35,726,523	\$35,726,523	\$35,726,523
<b>Total Revenues</b>	12,625,864	6,701,989	0	0	0	0	0	0	0	0	0	0
<b>Total Expenditures</b>	9,268,131	12,236,412	0	0	0	0	0	0	0	0	0	0
<b>Change in Fund Balance</b>	3,357,733	(5,534,422)	0	0	0	0	0	0	0	0	0	0
<b>Ending Fund Balance</b>	41,260,946	35,726,523	35,726,523	35,726,523	35,726,523	35,726,523	35,726,523	35,726,523	35,726,523	35,726,523	35,726,523	35,726,523

	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
<b>Beginning Fund Balance</b>	\$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
<b>Total Revenues</b>	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
<b>Total Expenditures</b>	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
<b>Change in Fund Balance</b>	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
<b>Ending Fund Balance</b>	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

	FY 2016/2017											
	July Actual	August Actual	September Actual	October Actual	November Actual	December Actual	January Actual	February Actual	March Actual	April Actual	May Actual	June Actual
<b>Beginning Fund Balance</b>	\$36,934,285	\$43,339,545	\$38,688,887	\$42,888,559	\$35,251,863	\$37,089,867	\$44,994,813	\$45,583,312	\$29,932,160	\$29,972,359	\$31,677,983	\$19,898,488
<b>Total Revenues</b>	13,317,549	7,899,458	17,481,417	7,032,694	17,260,075	21,386,237	13,039,249	1,848,175	14,033,540	21,401,470	6,295,496	35,646,442
<b>Total Expenditures</b>	6,912,289	12,550,116	13,281,745	14,669,390	15,422,071	13,481,291	12,450,751	17,499,326	13,993,341	19,695,846	18,074,991	20,290,613
<b>Change in Fund Balance</b>	6,405,260	(4,650,658)	4,199,672	(7,636,696)	1,838,004	7,904,946	588,498	(15,651,151)	40,199	1,705,624	(11,779,495)	15,355,829
<b>Ending Fund Balance</b>	43,339,545	38,688,887	42,888,559	35,251,863	37,089,867	44,994,813	45,583,312	29,932,160	29,972,359	31,677,983	19,898,488	35,254,317

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

**Meeting Minutes for August 15, 2018**

**FRC Members Present:** Morrie Barembaum, Ed Fosmire, Pilar Gutierrez-Lucero, Peter Hardash, Bart Hoffman, Mary Mettler, Thao Nguyen, Adam O'Connor, Arleen Satele, Monica Zarske

**Alternates/Guests Present:** Esmeralda Abejar, James Kennedy, Roy Shabazian, Mike Taylor, Jose Vargas

1. Welcome: Mr. Hardash called the meeting to order at 1:32 p.m.
2. State/District Budget Update
  - Budget workshop on August 13, 2018 – New Funding Model
    - i. Simulation still used
    - ii. Advanced apportionment will be based on simulation and corrected in February '19 at P1
    - iii. Actual funding will be based on 17/18 MIS data
    - iv. Difficulties with tying in to data elements
    - v. COLA is included in funding amounts, factored into Adopted Budget
  - Internal allocation model needs to be changed to reflect new funding formula
  - Will take time to understand new model once details are released
  - Portion of funding based on FTES will decrease over next 3 years with performance side increasing
  - Currently in stabilization, will lose in July 1, 2019 along with any uncaptured FTES
  - Borrowing may not be included in base funding determination
  - Currently many unknowns with the formula
  - Small change in data elements can result in massive funding shifts
  - Guaranteed on growth, not guaranteed hold harmless
  - Adopted budget will be estimated based on old model and then adjusted as new information becomes available
    - i. Direction needs to be given on how to allocate until new allocation model is developed
  - Funding will be awarded on a district level
  - Full time faculty and part time parody allocations have not yet been decided
  - Some categorical programs, exhibits, and tax/fee estimates provided at workshop
  - SSSP, Equity, and BSI are now combined into one program
    - i. One allocation
    - ii. Program guidelines and educational codes will be changed
  - Instructional Service agreements are currently receiving less funding under the new model
    - i. Drop in per FTES rates
    - ii. No performance measurements
    - iii. Additional funds to supplement allocation would likely cut funding elsewhere
  - First generation student will become part of the funding formula as data collection becomes more accurate
  - RSCCD appears to be low in BOG waivers and Pell Grants when compared with other comparable districts
  - Short term focus on how to allocate to campuses for 2018/19, long term focus on creating new BAM for future years

### 3. Actuarial Study Of Retiree Health Liabilities Under GASB 74/75 6/30/2017

- Presentation given to Board of Trustees on July 16, 2018
- Study previously required every two years
- Presentation and study posted on website
- Annual Required Contribution (ARC) now separate from report
  - i. Increased to \$14.3 Million
- Interest rates and lack of irrevocable trust contribute to increase in ARC
- Currently using one-time moneys to fund ARC
- GASB 74/75 now requires study every year
- ARC may fluctuate year to year with changes in various factors

### 4. Closeout of 2017/18 Budget

- Both colleges ended their fund 11 and 13 positive
  - i. Total carryover is \$6.7 million for SAC and \$2.7 million for SCC
- There was no deficit factor, so amount budgeted will flow through model
- Instructional spending has increased
  - i. 66% SAC and 60% SCC
  - ii. STRS increases have impacted
  - iii. Total for district is at 55.08%

### 5. Proposed Adopted General Fund Budget

Mr. O'Connor walked the committee through the updated assumptions:

- Changes in expected funding
  - i. Summer shift added 321 additional FTES above 15/16 level
  - ii. COLA has increased to 2.71%
  - iii. Projected stabilization adjusted for additional FTES in 17/18
  - iv. EPA will now be at \$26 million
  - v. Lottery has been updated
  - vi. Part Time Faculty compensation has slightly increased
  - vii. BOG Fee Waivers have slightly decreased
  - viii. Block Grants have gone up to \$852,000
  - ix. Some of the campus fees have changed, under Miscellaneous Fees
  - x. Scheduled Maintenance has also been updated
- Changes in estimated expenditures
  - i. Cost of salaries has increased
  - ii. Increases in PERS and STRS
  - iii. ARC increase

Mr. O'Connor walked the committee through the Proposed Adopted Budget:

- Current salary and benefits are expected to be at 86% of total expenditures
- Reserve for contingencies
  - i. Estimated 18/19 COLA, pending negotiations
  - ii. Remainder of 17/18 COLA pending negotiations
  - iii. Board Policy Contingency
  - iv. Budget Stabilization
  - v. Parked \$3 million from assumptions, pending direction from Chancellor/College Presidents
- Fund 11
  - i. Deficit factor budgeted at same dollar amount as 2017/18
  - ii. Expenditures in STRS on behalf, now moved to Fund 13 one-time
  - iii. Apportionment estimated on P3 data

Mr. Hardash called for a motion to recommend the Proposed Adopted Budget to District Council. A motion was made by Ms. Mettler, seconded by Mr. Hoffman. There was a brief discussion regarding increases in budget due to new categorical programs and grants. A vote was taken and the recommendation was approved unanimously.

6. Status update regarding the IEPI consultant and timeline to begin review of BAM for changes relative to the new state funding model  
Mr. Hardash was asked to give a brief update on the status of the IEPI consultant hiring process. The district is currently waiting for more information on the new funding model to become available before proceeding with the hiring process. An application for funding to hire the consultant has been approved.
7. Standing Report from District Council  
Ms. Mettler stated there was no update from District Council.
8. Informational Handouts  
The following handouts were distributed:
  - District-Wide Expenditure Report
  - Vacant Funded Position List as of August 7, 2018
  - Measure “Q” Project Cost Summary June 30, 2018
  - Monthly Cash Flow Summary as of June 30, 2018
  - SAC Planning and Budget Committee Agendas and Minutes
  - SCC Budget Committee Agendas and Minutes
9. Approval of FRC Minutes – July 3, 2018  
Mr. Hardash called for a motion to approve the Fiscal Resources Committee Minutes of the July 3, 2018 meeting. A motion to approve the minutes was made by Ms. Satele, seconded by Ms. Zarske, and approved unanimously.
9. Other  
Mr. Hardash reminded the committee to calendar future FRC minutes so that members will not miss the upcoming discussions on the new funding formula and BAM process.

Next meeting reminder: Thursday, September 20, 2018, 1:30 – 3:00 in the Executive Conference Room #114, District Office

The meeting was adjourned at 2:48 p.m.