

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

2323 N. Broadway, Santa Ana, California 92706

Office: (714) 480-7321

Website: <http://rscgd.edu/Departments/Business-Operations/Pages/Fiscal-Resources-Committee.aspx>

Fiscal Resources Committee Special Meeting

Executive Conference Room – District Office

1:30 p.m. – 3:00 p.m.

Meeting Minutes for March 19, 2014

FRC Members Present: Michael Collins, Jeff McMillan, Steve Kawa, Michael DeCarbo, Raul Gonzalez del Rio, Peter Hardash, Adam O'Connor and Diane Hill

Guests/Alternates Present: Jim Kennedy, Richard Kudlik and Jose Vargas

The meeting was called to order by Mr. Hardash at 1:35 p.m.

1. Welcome

Mr. Hardash welcomed the committee.

2. State/District Budget Update – Hardash

- Nothing new to report on statewide budget.
- STRS is a big issue statewide; it is broke and underfunded, information to be shared as received.
- Budget Assumption recommendation went to the Chancellor, it was discussed in Chancellor's Cabinet in conjunction with the planning process; the item will be referred to the next District Council meeting on April 21st. Mr. Didion stated that there is no reporting relation between FRC and POE, the reporting is through District Council, based on the model, Cabinet concurred. The Tentative Budget foundation is being built with information known, essentially a rollover budget. Roll-up costs will be included when known and will include the PERS rate increase, confirmed full-time obligation is SCC two replacements plus one new and the remaining hires at SAC. At this point, no date identified for Board approval of the assumptions.
- There is a gap between planning and budgeting that needs to be identified when trying to determine to what committee some documents go to, prioritization and how communication happens between the committees. This process should be established at POE.

3. Tracking all Intersession Expenses – DeCarbo

- Fiscal is working on the distribution to the colleges and is almost final. The Chancellor talked to both college presidents regarding transfer funds to the colleges for the intersession. The actual cost of the intersession will be distributed. Original intention was an advance, now a reimbursement from the budget stabilization fund, approximately \$900,000 between the colleges.
- As for COLA, distribution to salary/benefits accounts needs to happen, however, a little over \$1 million more than what was received was negotiated for COLA so everyone needs to absorb this cost. This will cause a \$1 million shortfall ongoing and decrease the stabilization fund by another \$1 million. We are deficit spending this year in the \$8-9 million range, structural deficit appears to be \$4-5 million and next year, with COLA, increases, benefits, step/column movement, etc., another \$7 million+ projected. By the following year the District will be out of stabilization funds. We are not out of the woods, once the stabilization fund is completely depleted, severe cuts will need to be made.

4. Budget Allocation Model (BAM) Review

- Mr. O'Connor led discussion on the Budget Allocation Model as required on a yearly basis. Discussion ensued, it was determined that a subcommittee would work on the FON and 50% law items as well as clarifying language on several items discussed. Volunteers for the committee are: Mike Collins, Steve Kawa, Jose Vargas, Jim Kennedy, Adam O'Connor and Richard Kudlik.
- Develop a plan, as we grow, that we reconstitute the balance between the colleges to help with the 50% law.
- Conversation regarding growth needs to happen at POE.
- How do the college presidents express their willingness to grow? Where does the information go to first? FRC? POE? Chancellor's Cabinet?
- BAM refers to the District Enrollment Management Committee, per discussion, what is the committee's purpose and role? The committee meets, but not regularly, they review FTES charts, decide do we make targets? Will we not make targets? This process is not considered planning. The purpose of the committee needs to be redefined including where the reporting happens.
- Clarification on vacant position budgets.
- Long term plans: update language for planning process.
- Effectiveness of the services provided by the DO services. FRC sent this item to POE, however, POE is referring it to District Council.
- The BAM will come back for further discussion at the next meeting.

5. Multi-Year Projection Budget Based on Recommended Assumptions

- Unrestricted General Fund Three Year Multi-Year Projections was distributed and reviewed. Fiscal will prepare a five year plan which includes best case, mid and worst case scenarios.

6. Informational Handouts

- The following documents were distributed as information
 - District-wide expenditure report link: <https://intranet.rscsd.edu>
 - Vacant Funded Position List as of March 11, 2014
 - Measure "E" Project Cost Summary as of March 3, 2014
 - Monthly Cash Flow Statement as of February 28, 2014

7. Approval of FRC Minutes – February 26, 2014 and March 12, 2014 FRC Minutes

The Minutes from the February 26, 2014 and March 12, 2014 Fiscal Resources Committee meetings were distributed and discussed, edits were identified. A motion was made by Mr. McMillan, seconded by Mr. DeCarbo and approved unanimously.

8. Other

The TAG committee sent a recommendation to District Council asking for one-time money, using stabilization funds to fund a desk-top replacement plan as follows: 2013/14 - \$1,122,400 needed from stabilization fund. 2014/15 - \$897,920 split 80% stabilization fund, 20% cost centers. 2015/16 - \$673,440 at 60%/40% split; 2016/17 \$448,960 at 40%/60% split; 2017/18 \$224,480 at 20%/80% and 2018/19 100% to cost centers. This year, \$300,000 was identified by IT to not be used by the end of the fiscal year, these funds will be split between the campuses for equipment replacement. Concern was expressed that the stabilization fund may not be able to fund this request 2-3 years from now. Some one-time Prop 98 funds will be received by the District over the next few years and are an option for consideration. This item will be moved to the next agenda for further discussion.

Adjournment

Mr. Hardash adjourned the meeting at 3:10 p.m.

Meeting Schedule – Next Meeting:

Next regular meeting: Wednesday, April 23, 2014 – 1:30 p.m. – Executive Conference Room, DO