

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

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

Fiscal Resources Committee

Executive Conference Room – District Office

1:30 p.m. – 3:00 p.m.

Meeting Minutes for May 27, 2015

FRC Members Present: Michael Collins, Ray Hicks, John Zarske, Quynh Nguyen, Arleen Satele, Michael DeCarbo, Craig Rutan, Raul Gonzalez del Rio, Peter Hardash, Adam O'Connor and Diane Hill

Alternates/Guests Present: Jim Kennedy, Jose Vargas, Richard Kudlik, Esmeralda Abejar and Steve Eastmond

1. Welcome, the meeting was called to order by Mr. Hardash at 1:33 p.m.
2. State/District Budget Update – Mr. Hardash reviewed the following from the May Revise:
 - Prop 98: \$6.1 billion increase. Governor has been using conservative state revenue estimates and conservative Prop 98 minimum funding guarantee estimates. Increased actual revenues equal increased minimum funding guarantee for Prop 98. Governor's concerns going forward are Prop 30 expiring, dependency on capital gains and state due for another downturn in the near future.
 - On-going funds: No increase to student enrollment fees are proposed. COLA (Cost of Living Allowance) – 1.02%. \$156.5 million (3.0%) in growth/access/restoration funding. Both campuses have estimated growing 1% in 2014/15. RSCCD potential to earn is approximately \$1.3 million at a 1% estimate; RSCCD maximum earnable growth is 1.57%. Growth will not be included in the Tentative Budget as the growth has not been earned yet. \$266.7 million increase to base allocation funding, approximately \$6.0 million on per FTES basis for RSCCD.

Full-time faculty hires allocation - \$75 million: Low proportional districts will need to hire more FTE than higher proportional districts; quintile system using 14/15 FON report; revenue will be on a FTES basis. Approximately \$1.8 million for RSCCD. The quintile system was reviewed with the committee. This helps on the 50% law.

CDCP funding enhancement - \$49 million approximately \$7 million for RSCCD per FTES funding equivalent to credit FTES funding. Categorical Programs COLA - \$2.5 million, approximately \$60,000 for RSCCD.

Student Success and Support Program (formerly Matriculation) - additional \$100 million expansion, approximately \$2.8 million in additional funding for RSCCD. 2/1 match in 2014/15, no match on additional funds.

Student Equity Program - additional \$115 million, approximately \$2.8 million for RSCCD. No matching requirement.

Apprenticeship Program - \$29.1 million, RSCCD share is unknown at this time.

Adult Education/K-14 - \$500 million, RSCCD share is unknown at this time.

- One-time funds: Mandate claims block grant - \$627.8 million will be allocated on a per FTES basis based on 14/15 P2 FTES. Retire outstanding mandate claims to the extent districts has any such obligations on the books and can be used any way districts choose (unrestricted). Scheduled Maintenance, Instructional Equipment and other one-time costs. Approximately \$16.2 million for RSCCD with no match required.

Scheduled Maintenance/Instruction Equipment - \$148 million, approximately \$3.7 million for RSCCD with no match requirement.

Basic Skills & Student Outcomes Transformation Program - \$60 million, RSCCD share is unknown at this time.

3. 2015/16 Proposed Meeting Schedule:

Mr. Hardash reviewed the proposed meeting calendar for the 2015/16 fiscal year. Meetings to be scheduled from 1:30 to 3:00. Mr. Rutan made a motion, seconded by Dr. Collins and approved unanimously by the committee. Further discussion ensued. It was decided that the August 19, 2015 meeting, to review the Proposed Adopted Budget will be shared by email instead of a scheduled meeting as this date conflicts with academic senate activity.

4. 2015/16 Proposed Tentative Budget:

Mr. O'Connor shared the 2015/16 Tentative Budget Assumptions and reviewed all highlighted areas based on the May Revise. This document has changed since Board approval to include new information.

Mr. Hardash and Mr. O'Connor reviewed the 2015/16 Proposed Tentative Budget. Mr. Hardash stated that adjustments will be made to fund 11 on the income side in the Adopted Budget for some line items, for example how much was actually collected from property taxes, interest earnings, non-resident tuition, state apportionment and ERAF. On the expenditure side, Mr. Hardash added the following fund 11 concerns:

- 1300 accounts: it is expected that the campuses will spend approximately \$22.3 million, however, the colleges have only budgeted \$20.5 million. This account is short unless there is additional data to support this number.
- Non-Instructional salaries (1400): actual expenses in 2013/14 were \$1,078,781, only \$706,642 is budgeted for 2015/16.
- Instructional Aides (2400): 2014/15 estimated expenses \$1,862,241 only \$905,163 is budgeted.
- Maintenance Supplies (4500), Non-Instructional Supplies (4600), Utilities & Housekeeping Services (5500), Other Operating Expenses and Services (5800) which includes instructional services agreements all appear underfunded. Mr. Hardash again expressed concern that there is approximately \$3.5 million more in expenses that isn't properly budgeted. The 5800 line item alone appears about \$2 million short.
- Estimate about \$1 million in carry over for SAC, \$250,000 for district services and zero carry over for SCC.
- Budget stabilization fund estimated to be in the \$12 million range in 2015/16. There will be many changes prior to the Adopted Budget.

Discussion ensued regarding savings and carry-over at each of the colleges and district services.

Mr. Hardash called for a motion to recommend the 2015/16 Proposed Tentative Budget to District Council. Mr. DeCarbo made a motion, seconded by Mr. Hicks and approved unanimously.

5. Budget Allocation Model (BAM) Review:
Mr. O'Connor reviewed the items previously discussed. The only item not included is any change in language regarding carry-over. Mr. Hardash stated that discussion occurred in Cabinet, the Chancellor fully supports that if district services saves money then district services keeps the savings which he has used for items such as marketing for the campuses. If the District doesn't keep the savings, the colleges will then be responsible for efforts such as marketing. Mr. Hardash asked for a motion to accept the updated language as presented and revisit any pending items in July. Mr. DeCarbo motioned, seconded by Mr. Hicks and approved unanimously.

6. Informational Handouts were distributed as information.
Mr. Hardash reviewed the following handouts, it has again been mentioned at Board meetings and through Board members that employees are not seeing or receiving information documents. Each voting member on this committee is to take back and share information with the constituent groups they represent. This information is also available on the District website.
 - District-wide expenditure report link: <https://intranet.rscdd.edu>
 - Vacant Funded Position List as of May 20, 2015
 - Measure "E" Project Cost Summary as of April 15, 2015
 - Measure "Q" Project Cost Summary as of April 15, 2015
 - Monthly Cash Flow Statement as of April 30, 2015

7. Approval of FRC Minutes – March 25, 2015: Meeting Minutes for the March 25, 2015 meeting were distributed for review. Mr. Hardash called for a motion to approve, it was motioned by Mr. Hicks, seconded by Mr. Gonzalez del Rio and passed unanimously by the committee. Michael DeCarbo and Craig Rutan abstained.

Adjournment

Mr. Hardash adjourned the meeting at 3:12 p.m.

Meeting Schedule – Next Meeting:

Next regular meeting: Wednesday, July 8, 2015 – 1:30 p.m. – Executive Conference Room, DO.