

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

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Website: <http://rscdd.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 July 8, 2015

FRC Members Present: Michael Collins, Ray Hicks, Quynh Nguyen, Arleen Satele, Mary Mettler, Raul Gonzalez del Rio, Peter Hardash, Adam O'Connor, Lee Krichmar and Diane Hill

Alternates/Guests Present: Richard Kudlik, Esmeralda Abejar and Steve Eastmond

1. Welcome - the meeting was called to order by Mr. Hardash at 1:35 p.m.
2. State/District Budget Update – Mr. Hardash
 - We have a state budget, some last minute minor changes, however, Governor did not blue pencil.
 - P-2 information was received, no surprises. System-wide growth of 2.75% was not earned. Some districts are overstating FTES. RSCCD growth actual is .72% which will become the base for the 15/16 year.
 - General apportionment deficit has dropped down to .3%, indicators are that it should be much higher, still unknown at the Chancellor's Office.
 - From the Community College Update: Here are the major provisions of the enacted 2015-16 State Budget for community colleges:
 - 1.02% statutory cost-of-living adjustment applied to base apportionments and the four categorical programs as proposed in the May Revision
 - \$266.7 million (approximately 4.75%) for the base allocation funding increase
 - Funding for enrollment growth of 3%
 - \$603.7 million (approximately \$543 per full-time equivalent student) in one-time discretionary funds
 - \$148 million for deferred maintenance or instructional equipment, with no matching funds required for deferred maintenance
 - \$100 million for the Student Success and Support Program
 - \$85 million for Student Equity Plans
 - \$62.3 million in funds for hiring full-time faculty (*originally \$75 million = \$1.3 million for RSCCD. 12.1 new faculty hires, most likely the 4th quintile.*)
 - \$49 million for equalizing the Career Development and College Preparation funding rate
 - \$33.7 million to restore the Extended Opportunity Programs and Services funding
 - \$29.1 million to restore apprenticeship programs
 - \$15 million for Institutional Effectiveness Partnership Initiative
3. Multi-Year Projections:
 - Simulations on looking forward, as has been distributed in the past, were reviewed. Various scenarios includes \$6.5 million missing in costs. Campuses are working with Fiscal to identify the \$6.5 million in their budgets.
 - Mr. O'Connor reviewed the seven versions projected out through the 2019/20 fiscal year. The scenarios incorporate increases in STRS and PERS, almost \$10 million over the

next five years; COLA, step and column movement, increases in utilities, faculty hires, etc. The district expenses far exceed the unrestricted revenue. The only unrestricted funds received are COLA, which are subject to bargaining and growth, one time dollars just plug holes in the structural deficit. Next year there is a slight positive amount and beginning 2017/18 we begin to deficit spend and run out of stabilization funds in 2018/19.

- FTES Analysis and Targets as of July 1, 2015: RSCCD did not grow the 1.27%, we need to claim at the .72%, this will need to be adjusted in the Budget Assumptions.

4. Budget Assumptions:

- The Budget Workshop is scheduled for July 30th, the blue book will provide the detailed numbers for the base allocation and the CDCP enhanced rate. Blue book is based on the P-2 submission so we will need to adjust. Mr. Hardash and Mr. O'Connor reviewed the following:
- Estimated:
 - Base Allocation Increase \$6,550,000
 - CDCP Funding Enhancement \$7,900,000
 - Projected COLA of 1.02% \$1,395,000
 - Projected Restoration/Access/Growth -0- \$0
 - Allocation for Full-time Faculty \$1,350,000
 - Projected Deficit (Estimated at 1.72%) (\$2,400,000)
 - Apportionment Base Increase for 2015/16 \$14,795,000
- Mandated Block Grant estimated at a total budget of \$740,000. Unchanged. In addition, with a one-time \$603.7 million allocation statewide for past Mandated Cost reimbursement, we expect approximately \$15.4 million, an increase from \$900,000. These funds can be used for any one-time purposes and will require additional discussion before allocation.
- New in the Appropriations and Expenditures:
 - As the District's budget model is a revenue allocation model, revenues flow through the model to the colleges as earned. The colleges have the responsibility, within their earned revenue, to budget for all necessary expenditures including but not limited to all full-time and part-time employees, utilities, instructional services agreements, multi-year maintenance and other contracts, supplies, equipment and other operating costs.
 - Changes to some of the numbers will occur after the Budget Workshop.

Mr. Hardash called for a motion to recommend the Budget Assumptions, as presented to District Council. A motion was made by Dr. Collins, seconded by Mr. Hicks and approved unanimously.

5. Budget Allocation Model (BAM) Review:

Mr. O'Connor continued discussion on the BAM language. On page four of the document Mr. O'Connor recommends the following for consideration:

INSTITUTIONAL COSTS – Examples are those expenses associated with State and Federal regulatory issues, property, liability and other insurances, board election, inter-fund transfers and Retiree Health Benefit Costs. As the Board election expense is incurred every other year, it will be budgeted each year at one-half of the estimated cost. In the off years, the funds will remain unspent and specifically carried over to the next year to be used solely for the purpose of the election expense. If there is insufficient budget, the colleges will be assessed the difference based on the current FTES split. If any funds remain unspent in an election year, it will be allocated to the colleges based on the current FTES split for one-time uses. \$250,000 will be budgeted instead of \$400,000 per year and FTES split by each college.

Mr. Hicks distributed language submitted by the SAC planning and budget committee which they felt is more in line and allows the colleges more control over the carry-over funds. (Page 5

of the BAM): *Budget Center Reserves and Deficits – It is strongly recommended that each college set aside at least 1% contingency reserve to handle unplanned and unforeseen expenses. If the contingency reserve is unspent by year end, this reserve falls into the college's year-end balance and is included in the college's beginning balance for the following fiscal year. The District Services and Institutional Costs allocations are budgeted as defined in the Model for the appropriate operation of the District and therefore are not subject to carryover. The Chancellor and Board of Trustees reserve the right to augment the budget as deemed necessary.*

Discussion ensued and edits to the original distributed document were made.

Mr. Hardash called for a motion to recommend the edits to the BAM to the District Council, it was motioned by Mr. Hicks, seconded by Dr. Collins 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.rccd.edu>
- Vacant Funded Position List as of July 1, 2015
- Measure "E" Project Cost Summary as of June 10, 2015
- Measure "Q" Project Cost Summary as of June 10, 2015
- Monthly Cash Flow Statement as of May 31, 2015

7. Approval of FRC Minutes – May 27, 2015: Meeting Minutes for the May 27, 2015 meeting were distributed for review. Mr. Hardash called for a motion to approve, it was motioned by Dr. Collins, seconded by Mr. O'Connor and passed unanimously by the committee.

Adjournment

Mr. Hardash adjourned the meeting at 3:06 p.m.

Meeting Schedule – Next Meeting:

Due to the availability of committee members during the summer months, the August 26, 2015 meeting is cancelled and the proposed Adopted Budget will be emailed to the committee instead by August 19th. If you do not respond, that will be taken as a "yes" vote. Please email any concerns to Adam O'Connor and Peter Hardash.

Next regular meeting: Wednesday, September 23, 2015 – 1:30 p.m. – Executive Conference Room, DO.