

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

Meeting Minutes for October 19, 2016

FRC Members Present: Jimmy Nguyen, Arleen Satele, Steven Deeley, Mary Mettler, Pilar Gutierrez-Lucero, Peter Hardash, Adam O'Connor, Lee Krichmar and Morrie Barembaum

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

1. Welcome: Mr. Hardash called the meeting at 1:32 p.m. Committee members were introduced.
2. State/District Budget Update – Hardash/O'Connor
 - Chancellor's Fall Forums – Budget PowerPoint Presentation: Employee Forums were held at the colleges and District Office; the PowerPoint slides were distributed as information and available on the District website. Recap on revenues:
 - No COLA
 - No Growth
 - Base Allocation \$1.9 million in revenue assumptions
 - Major expense assumption includes step and column - \$1.1 million; health and welfare - \$610,000; PERS increase - \$630,000 and STRS increase - \$1.16 million.Expenses increase approximately \$5 million or more each year regardless of new revenue sources.
 - SSC Update – Forecasters See Slow Economic Growth in 2016: No indication what the Governor will propose by January 10th. First week of November, the LAO puts out their assessment of the economy and revenue, the Fiscal Outlook. Information is provided gradually on the LAO's website.
 - Community College Update – UCLA Forecaster: Sees a slow economic growth for 2016. The US economy has been running at a 1% growth rate since the fourth quarter. The Board of Governors (BOG) approved the 2017-18 system budget request. Prop 98 for 2017/18 will bring in approximately \$300 million to the system in augmentations from the \$1 billion in requests. Calculated COLA is 1%, this year was zero.
3. 2015-16 320 FTES Recalculation – Hardash

Mr. Hardash reviewed "The State Apportionment Decoder and Other Handy CBO Tools" presentation by Kathy Blackwood, Jeff DeFranco and Ann-Marie Gable at the ACBO Spring Conference. Mr. Hardash reviewed the following slides as it relates to Rancho Santiago CCD:

 - Exhibit C: base rates per FTES; grandfathered centers; last and this year's funded FTES; property taxes and enrollment fees
 - Apportionment Simulation: Worksheets developed by the Chancellor's office; an interactive excel document for each of the 72 districts can be found at www.acbo.org
 - Decline, Stability and Restoration: A college is in declining mode when it has fewer FTES than the previous year; non-credit and CDCP switching can be complicated. Colleges get stability the first year they decline and funded at the same rate as the previous year.
 - Restoration is bringing the college back into the previous years' FTES level; Districts have three years to restore; oldest decline is restored first and the

dollar value is restored, however, the mix of FTES may change. Mr. Hardash reviewed the stabilization and restoration scenario for Lake Tahoe Community College as an example.

- Title 5 Budget stability – Districts receive stability funding only in the initial year of decline; declines in college FTES resulting in a reduction of calculated basic allocation doesn't cause a reduction in basic allocation base revenue until the third year after the year of the FTES decline. The basic allocation will not be reduced if the FTES is restored back to or above the pre-decline base. Base funding rates includes three levels – level 1: 9,940 FTES or less (\$3,402,370 for both single and multi-college districts); level 2: 9,940.01 to 19,880 FTES (\$4,536,493 for single colleges, \$3,969,432 for multiple colleges) and level 3: 19,880.01 FTES or more (\$5,670,617 for single colleges and \$4,536,493 for multiple colleges).
- New FON - \$1.5 million for RSCCD: 16 new faculty members were hired. This amount was included in the marginal funded rate.

Discussion ensued on future borrowing and stabilization for RSCCD.

4. Multi-year Projections (MYP) – O'Connor

Mr. O'Connor reviewed the new scenario, version #9 per discussion at the September meeting of this committee. This version projects going into decline this year by 2%, growing it back fully in 17/18 and growing our maximum constrained growth cap of 0.6% each out year and reducing health and welfare by 3.5%.

5. Informational Handouts - Hardash

- District-wide expenditure report link: <https://intranet.rsccd.edu>
- Vacant Funded Position List as of October 7, 2016
- Measure "E" Project Cost Summary as of September 30, 2016. Committee met last evening.
- Measure "Q" Project Cost Summary as of September 30, 2016. This committee will meet on November 1, 2016. Both the E and Q committees are working on their Annual Reports to the Community and will be presented to our Board of Trustee at their November 2016 meeting.
- Monthly Cash Flow Statement as of September 30, 2016

6. Approval of the FRC Minutes – September 28, 2016 – Hardash

Mr. Hardash called for a motion to approve the Fiscal Resources Committee Minutes of the September 28, 2016 meeting. A motion was made by Mr. Deeley, seconded by Mr. Nguyen and approved unanimously.

Next meeting: Wednesday, November 16, 2016, 1:30 – 3:00 in the Executive Conference Room, District Office.

The meeting was adjourned at 2:30 p.m.