

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

Meeting Minutes for April 19, 2017

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

Alternates/Guests Present: Jose Vargas, Enrique Perez and Esmeralda Abejar

1. Welcome: Mr. Hardash called the meeting at 1:35 p.m.
2. State/District Budget Update – Hardash: District budget – The Chancellor convened a special District Council meeting to discuss reductions in 2017/18, draft Minutes of that meeting were distributed, some edits will be suggested for accuracy. Board members have concerns about the fiscal stability of the district and also called for a Board Fiscal Audit Review committee meeting, including the external auditors to discuss the increases to PERS, STRS, step and column movement, increases from negotiations and the annual contribution to OPEB. The auditor stated that this is a problem throughout the state and not specific to RSCCD. There is no additional state funding to help the District with these increases.

The Budget Assumption showed approximately \$6 million of deficit spending, at that time this amount was a projection, primarily because the district is not growing. At this time, now that collective bargaining has been settled the deficit has increased to approximately \$8 million, as a reminder the state provided zero COLA, however, the District provided increased salary and benefits to all employees. Dr. Rodriguez directed that half of the \$8 million, \$4 million would be the target for reductions assuming the other \$4 million would come from the budget stabilization fund if the Board of Trustees approves.

The following discussion took place in Chancellor's Cabinet on how the \$4 million in cuts would be split. It was agreed that the split for the \$4 million, referred to as Round #1 reductions would be the following: District Services to cut 18.83% (per page 19 of the 2016/17 Adopted Budget) - \$753,200; the remaining amount of \$3,246,800 would be split 69.93% at SAC - \$2,270,487 and SCC the remaining 30.07% - \$976,313.

Should the Board of Trustees not approve using budget stabilization funds for the remaining \$4 million in budget shortfall, there will be a need to discuss additional reductions as Phase 2 for the Adopted Budget. The deadline for the identified reductions is April 25, 2017.

The vacant position list was distributed for review. Chancellor's Cabinet has decided that position currently in the process of recruiting will continue to move forward. The yellow highlighted positions are new position requests. Some positions that are 100% categorically funded were released, however, any positions with partial or full funding by general fund will be reviewed by Chancellor's Cabinet and moved forward for hiring based on the urgency of the position. Some positions will continue to be held. The purpose of reviewing the positions on a weekly basis is to be able to move the position forward for hiring or to remove an unfunded position from the list and use the savings of a vacant position instead of the possibility, if we get to that point, to avoid laying off a person in a position. All District Safety positions will be released as these positions are the priority in order to support the colleges.

It was also mentioned that the draft District Council Minutes did not mention that one-time savings can be used to reach the target reduction at the colleges and District Office. This component of the formula in the BAM is waived just for this year in order to make the necessary reductions. The entire BAM is not suspended, only the utilization of savings toward reductions. Mr. Perez will coordinate the edits to the draft Minutes of District Council. The District Office has reviewed all budgets and has identified the \$753,200 in reductions.

A tri-Cabinet meeting was held to discuss keeping the district whole for another year by borrowing the maximum FTES in 16/17 summer, next year we would fall into stabilization. We would need to borrow approximately 1,500 FTES from summer. The plan to borrow was approved by the Chancellor's Cabinet members, SAC Cabinet members and the SCC Cabinet members. Discussion ensued on strategies if the Board of Trustees should not approve the use of budget stabilization fund to augment the necessary cuts.

3. ITS Replacement Schedule – Krichmar: Ms. Krichmar distributed and reviewed the computer replacement plan including identifying the oldest models, replacement of oldest computers, the replacement of classroom instructor stations, replacement of oldest classroom student stations, replacement of oldest non-instructional computers, the replacement of the oldest computers handling services to include video surveillance and EMS, the process and priority of the replacement plan and funding associated with the replacement plan. An item to keep in mind is that some computers are funded when a new or renovated building comes online; however, there is not a plan or budget for the replacement of those computers. A strategy for such circumstances needs to be on the center's radar for future replacement.
4. PERS and STRS Rate Increases – Hardash: Mr. Hardash reviewed the STRS and PERS future employer rates and additional ongoing unrestricted general fund costs comparison from 2013-14 through 2023-24. The cumulative impact to the district is an approximate increase to the District's general fund of \$13 million by 2023-24. The new rates are updated and included in both the Tentative and Adopted Budgets and also included in the presentation/discussion with the Board of Trustees.
5. Standing Report from District Council – Mettler: At the last special District Council meeting the plan for the \$4 million in reductions was discussed and two reorganizations, the decentralization of Auxiliary Services from District to each of the colleges and the District Safety Sergeants.
6. 2017/18 Meeting Schedule – Hardash/O'Connor: The proposed meeting schedule was reviewed, Dr. Collins made the motion, seconded by Ms. Mettler and approved unanimously to adopt the proposed 2017/18 meeting schedule. Meetings will be held in the Executive Conference Room from 1:30 – 3:00.
7. Informational Handouts - Hardash
 - District-wide expenditure report link: <https://intranet.rsccd.edu>
 - Vacant Funded Position List as of April 12, 2017
 - Measure "E" Project Cost Summary as of March 31, 2017
 - Measure "Q" Project Cost Summary as of March 31, 2017
 - Monthly Cash Flow Summary as of March 31, 2017
 - SAC Planning and Budget Committee Agendas and Minutes link
 - SCC Budget Committee Agendas and Minutes link

8. Approval of the FRC Minutes – March 22, 2017 – Hardash

Mr. Hardash called for a motion to approve the Fiscal Resources Committee Minutes of the March 22, 2017 meeting. A motion was made by Dr. Collins, seconded by Mr. O'Connor and approved unanimously.

Next meeting: Wednesday, July 5, 2017, 1:30 – 3:00 in the Executive Conference Room, District Office. The Tentative Budget will be emailed to the committee for review and approval by email in place of a May meeting.

Other: Santa Ana College has the Russell Hall replacement project on the state approved list for 50/50 funding of the state-wide bond. Of 29 projects, the Governor approved five of 29 projects, however, it is rumored 11 may be approved. The District is working with our lobbying firm to obtain support from our local legislators, Senator Nguyen and Assembly member Daly. The District still needs to come up with the other 50% to fund the project if it is approved.

The meeting was adjourned at 2:55 p.m.