

RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT
2323 N. Broadway, Santa Ana, California 92706
Office: (714) 480-7321 Fax: (714) 796-3935
Budget Allocation and Planning Review Committee
District Office – Executive Conference Room #114
1:30 – 3:00

Meeting Minutes for May 25, 2011

Members Present: Norm Fujimoto, Paul Foster, Esmeralda Abejar, Ray Hicks, Jeff McMillan, Ed Ripley, Juan Vazquez, Steve Kawa, Raul Gonzalez del Rio, Morrie Barembaum, Peter Hardash, John, Didion, Steve Eastmond, Nga Pham and Marti Reiter

Members Absent: Erlinda Martinez, Jose Vargas, and John Smith

Guests Present: Craig Rutan, Sylvia Letourneau, John Zarske, Gina Huegli and Thao Nguyen

The meeting was called to order by Mr. Hardash at 1:30 p.m.

State Budget Update

- Governor presented May Revision on May 16th
 - Revision to his January proposal
 - It's not an all cuts budget, as threatened
 - Does not suspend Prop 98
- Increased state revenues are helping
 - \$2.5 billion more for 2010-2011
 - \$6.6 billion more for 2011-2012
- Still needs \$9.4 billion in tax extensions
- Budget shortfall now \$10.8 billion
 - -\$26.6 billion gap identified in January budget proposal
 - +\$14 billion in cuts and other solutions approved in March
 - -\$0.6 billion in March package (due to implementation delays)
 - -\$1.0 billion due to Proposition 10 litigation
 - +\$6.6 billion in new GF revenues identified in May Revision
 - -\$2 billion in higher spending
 - -\$1.2 billion for a budget reserve
- New tax extension proposal includes VLF, CIT, Sales taxes as of July 1, 2011
 - Tax extensions proposal does not include personal income tax (PIT) extensions in current calendar year
 - Retroactive to January 1, 2011, a problem
 - Budget deal may include PIT, tax extension may take effect on January 1, 2012
 - Tax extensions still require voter approval
- "Wall of Debt"
 - State in debt - \$34.7 billion
 - Must buy down debt with increased revenues to relieve state general fund burden
 - Buying down debt does not provide more funds for K-14 education
 - **No new money**
 - Only helps the state buy back its IOUs
- Priority for buying down debt will mean three years or more until funds are available to begin to reinstate class offerings and program reductions

- LAO calls debt reduction “laudable”
- Not all state debt is proposed to be repaid
 - Budgetary borrowing - \$34.7 billion
- Governor’s “wall of debt” proposal doesn’t include
 - Authorized unsold bonds debt - \$48.2 billion
 - Bonds sold and owed - \$81.1 billion
 - State employee unfunded liabilities
- \$6.6 billion more in state revenues Prop 98 minimum funding guarantee increases proportionately
 - K-14 Prop 98 minimum funding guarantee increased by approximately \$3 billion
 - Community colleges share of increased revenues = \$350 million
 - 11% share of Prop 98
 - \$8.7 million for RSCCD
 - No suspension proposed
- Governor proposes to use all of the \$3 billion in additional Prop 98 revenue to partially pay off state deferrals to K-14 education and to partially buy down “wall of debt”
 - Cash flow issue only
 - No additional funds available to help districts
- Debt buy back may be a “placeholder” strategy for additional reductions if tax extensions not approved
- \$290 million workload measures reduction to apportionments (SB70)
 - 6% reduction in funded FTES workload
 - Negative growth
 - Approximately \$7.2 million loss for RSCCD
- Student fee increase from \$26 to \$36 per credit unit
- Property Tax Estimates
 - \$57 million more collected statewide in property taxes from Department of Finance
 - Reduces state obligation to meet the Proposition 98 minimum guarantee
- Reduces community colleges’ \$961 million year-end deferrals by \$350 million to \$611 million
 - Approximately \$25 million in deferrals for RSCCD
- Estimates are that the final state budget will be somewhere between Plan A and Plan B
 - Plan A (SB69 & SB70, March 17th) - \$7.2 million reduction for RSCCD
 - Plan B - \$12 to \$13 million reduction for RSCCD in state revenue
 - Plan C – Off the table
- Estimate a new Plan B with new tax revenues (\$6.6 billion) and higher Prop 98 minimum funding guarantee and no tax extensions
 - State would use the \$350 million debt repayment ‘placeholder” to possibly offset additional cuts
- New Plan B = net loss of \$490 million to community colleges
 - Same funding level as old Plan B
 - Approximately \$12 million for RSCCD
- June state budget
 - Unlikely unless 2/3 majority for tax extensions
 - Pressure to get a June 15th budget has been placed on the legislature
- September/October state budget
 - Without tax extensions - more likely scenario because state may run out of cash in that time period
- 2011-2012 Tentative Budget approval at June 20th Board of Trustees meeting

RSCCD 2011-12 Tentative Budget

- Statewide SB361 Workgroup on Community College Finance
 - \$5,851,613,039 Estimated 2011-12 Statewide Total Computational Revenue @ P1
 - \$136,882,724 for RSCCD
 - (\$290) million Governor's Base Reduction
 - (\$7,188,330) for RSCCD (hold Harmless for small districts)
 - (\$7,049,934) for RSCCD (without hold Harmless for small districts)
 - Difference of (\$138,396) is RSCCD's subsidy to hold small districts harmless
 - Additional 20-38 class section to cancel for RSCCD
- Basic Aid Districts
 - Receive no state apportionment
 - South Orange County CCD
 - Marin County CCD
 - Mira Costa CCD
 - Partnership for Excellence (PFE)
 - 2004 State Budget Act for 1 year to receive categorical program funding
 - Did not have language to carry forward to subsequent State Budgets but Basic Aid districts continued to receive PFE funds
 - LAO recommends an end of PFE funds to Basic Aid Districts
 - \$5.9 million in funding
 - \$150,000 for RSCCD
- Vacant Funded Position
 - Total \$729,838
 - Salary \$609,773
 - Benefits \$120,065
- Increase in FIXED cost for Change in Classification/Contract Extension
 - \$34,580 change in classification
 - \$5,790 contract extension
 - \$379,878 due to match or special project ending in FY 2010-11

RSCCD 2011-12 Tentative Budget Assumption

- Board of Trustee approved the 2011-12 Tentative budget assumptions with an add on to the assumption
- Include 1% of salary contribution to the retiree benefit fund and an additional \$500,000

Accreditation Committee Updates

- BAPR Work Group
 - Continue to work on SB361
- DFPC and BAPRC joint meeting in July/2011
 - HMC master plan presentation
- Technology Advisory Group (TAG)
 - District Technology plan and how it impacts the district and students
 - Ms. Reiter questioned if a guest/consultant can be a voting member of a sub-committee for the District. Ms. Letourneau to research.
- Mr. Didion requested new a sub-committee/workgroup to discuss the district's planning process, procedures and issues. New subcommittee formed, "Planning Working Sub-committee". Mr. Didion (chair) to draft role and membership.

FTES

- FTES report as of May 23, 2011
- 2010-2011 estimated actual, with additional 450 FTES
 - SAC credit 15,853.80 FTES
 - SCC credit 6,541.66 FTES

Approval of the March 16, 2011 BAPRC Minutes

Mr. Hardash called for a motion to approve the minutes of the May 4, 2011 BAPR Committee meeting. Mr. Didion moved and Mr. Fujimoto seconded the motion to approve the Minutes. The motion carried unanimously.

Adjournment

Mr. Hardash adjourned the meeting at 2:50 p.m.

Meeting Schedule

BAPR Workgroup Meeting – 2:30 – 4:00

Wednesday, June 1, 2011 Santa Ana College-Foundation Board Room (Administration Building)

BAPR Committee Meeting – 1:30 – 3:00

Wednesday, June 8, 2011 Executive Conference Room#114